

CITY OF WOODBURN

CITY OFFICIALS
Year Ended June 30, 2007

Mayor

Kathryn Figley
(Term expires December 2008)
601 S. Settlemier
Woodburn, OR 97071

Council Members

	<u>Term Expires</u>
Richard Bjelland 888 Wilson Street Woodburn, OR 97071	December 2008
Elida Sifuentez 860 E Lincoln Street Woodburn, OR 97071	December 2008
Pete McCallum 370 Ironwood Terrace Woodburn, OR 97071	December 2010
Jim Cox 1530 Ranier Way Woodburn, OR 97071	December 2010
Walter Nichols 1460 Willow Avenue Woodburn, OR 97071	December 2008
Frank Lonergan 245 N 2 nd Street Woodburn, OR 97071	December 2010

Staff

John Brown, *City Administrator*
Janice Zyryanoff, *Municipal Judge*
N. Robert Shields, *City Attorney*
Ben Gillespie, *Finance Director*

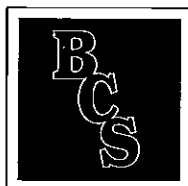
CITY OF WOODBURN

TABLE OF CONTENTS Year Ended June 30, 2007

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	A, B
MANAGEMENT'S DISCUSSION AND ANALYSIS	a - h
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets.....	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	3
Statement of Revenues, Expenditures and Changes in Fund Balances	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statements of Revenues, Expenditures and Changes in Balance – Budget and Actual	
General.....	6
Street	7
Proprietary Funds	
Statement of Net Assets	8
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	9
Statement of Cash Flows	10
Fiduciary Funds	
Statement of Fiduciary Net Assets	11
Statement of Changes in Fiduciary Net Assets.....	12
Notes to Basic Financial Statements.....	13 - 35
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Transportation Impact Fee (A Major Fund)	36
Police Construction (A Major Fund).....	37
Other Governmental Funds	
Combining Balance Sheet	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	39
Special Revenue Funds	
Combining Balance Sheet	40, 41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	42, 43
Debt Service Funds	
Combining Balance Sheet.....	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	45
Capital Projects Funds	
Combining Balance Sheet	46, 47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	48, 49
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Special Revenue Funds	
General Operating Reserve	50
Transit System.....	51
Investigation and Seizure	52
State Revenue Sharing	53
Housing Rehabilitation.....	54
Federal Programs	55
Cable Franchise Management	56
City Gas Tax	57
Building.....	58
Library Endowment	59
Museum Endowment	60

TABLE OF CONTENTS (Continued)

	Page
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)	
Governmental Funds (continued)	
Other Governmental Funds (continued)	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (continued):	
Debt Service Funds	
Bonded Debt	61
Bancroft Bond Redemption	62
Urban Renewal Debt Service	63
Capital Projects Funds	
Special Assessment	64
Street/Storm Capital Improvement	65
Parks Capital Improvement	66
Storm Water System Development	67
Public Works Facility Construction	68
Economic Development Revolving Loan	69
General Fund Capital Improvement	70
Equipment Replacement	71
CDBG	72
Proprietary Funds	
Major Enterprise Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Water	73
Water Well Construction	74
Wastewater Treatment Plant	75
Wastewater Treatment Plant Construction	76
Other Enterprise Funds	
Combining Statement of Net Assets	77
Combining Statement of Revenues, Expenses and Changes in Net Assets	78
Combining Statement of Cash Flows	79
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Water System Development	80
Wastewater Capital Improvement	81
Wastewater System Development	82
Internal Service Funds	
Combining Statement of Net Assets	83
Combining Statement of Revenues, Expenses and Changes in Net Assets	84
Combining Statement of Cash Flows	85
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Information Services	86
Central Store Working Capital	87
Self-Insurance	88
Technical and Environmental Services	89
Building Maintenance	90
DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS	91 – 94
GRANT COMPLIANCE—SINGLE AUDIT	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	95, 96
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	97, 98
Schedule of Findings and Questioned Costs	99, 100
Schedule of Expenditures of Federal Awards	101
Notes to Schedule of Expenditures of Federal Awards	101



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
The City Council
CITY OF WOODBURN
Woodburn, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF WOODBURN** as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF WOODBURN**, as of June 30, 2007, the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Street Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Established - 1968

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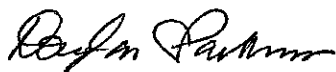
INDEPENDENT AUDITOR'S REPORT (Continued)

The management's discussion and analysis on pages a through h is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
December 26, 2007

By:



Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Woodburn (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements in the financial section of this report.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities at June 30, 2007 by \$92,309,831 (*net assets*). Of this amount, \$66,056,698 was invested in capital assets (net of related debt) and \$16,323,959 was restricted for specific purposes, leaving unrestricted net assets of \$9,929,174. Net assets include unrestricted net assets in the governmental activities of \$9,250,020 and \$679,154 in the business-type activities.

The largest portion of net assets is comprised of investment in capital assets (e.g., land, buildings, equipment and public infrastructure), less any related debt outstanding that was used to acquire those assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. The resources to repay the related debt is not provided by capital assets, but will be provided from other sources.

NET ASSETS

	Governmental Activities (\$1,000's)		Business-type Activities (\$1,000's)		Totals (\$1,000's)	
	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>
Assets						
Current and other assets	\$20,391	\$21,413	\$8,236	\$8,197	\$28,627	\$29,610
Capital assets	51,118	46,483	62,243	63,518	113,361	110,001
Total assets	<u>71,509</u>	<u>67,896</u>	<u>70,479</u>	<u>71,715</u>	<u>141,988</u>	<u>139,611</u>
Liabilities						
Long-term obligations	9,273	9,811	39,113	40,961	48,386	50,772
Other liabilities	412	1,138	880	1,031	1,292	2,169
Total liabilities	<u>9,685</u>	<u>10,949</u>	<u>39,993</u>	<u>41,992</u>	<u>49,678</u>	<u>52,941</u>
Net assets						
Invested in capital assets, net of related debt	42,853	39,706	23,204	22,635	66,057	62,341
Restricted	9,721	8,409	6,603	6,630	16,324	15,039
Unrestricted	9,250	8,832	679	458	9,929	9,290
Total Net Assets	<u>\$61,824</u>	<u>\$56,947</u>	<u>\$30,486</u>	<u>\$29,723</u>	<u>\$92,310</u>	<u>\$86,670</u>

The major capital asset associated with governmental activities is streets, including right of way, storm sewers, and sidewalks. In the business-type activities, the major capital assets are sewer piping and plant and water piping and plant.

Liquid assets, consisting of cash and investments, total \$26,085,881.

CHANGES in NET ASSETS

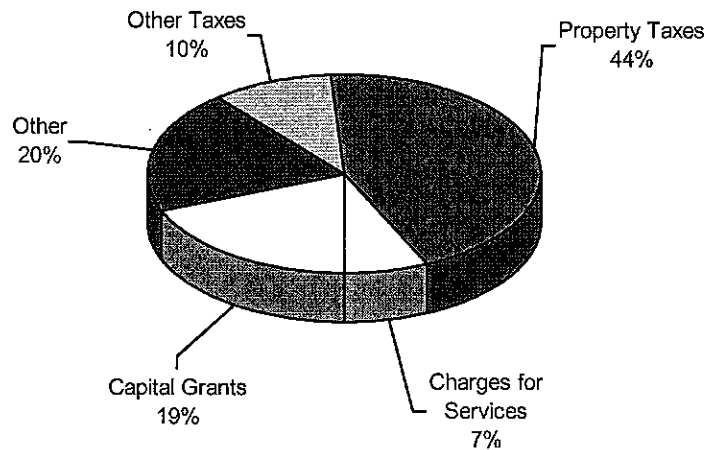
	Governmental Activities (1,000's)		Business-type Activities (1,000's)		Totals (1,000's)	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Revenues						
Program Revenues						
Charges for services	1,231	1,253	7,156	6,628	8,387	7,881
OP grants & contrib	62	41			62	41
Capital grants & contrib	3,246	1,589	1,049	1,032	4,295	2,621
General revenues					0	0
Property taxes	7,601	7,253			7,601	7,253
Other taxes	1,723	1,391			1,723	1,391
Other grants & contrib	1,832	1,604			1,832	1,604
Other	1,556	2,252	390	292	1,946	2,544
Total Revenues	17,251	15,383	8,595	7,952	25,846	23,335
Expenses						
General Government	3,069	3,107			3,069	3,107
Public Safety	4,436	3,678			4,436	3,678
Highways & Streets	2,336	1,673			2,336	1,673
Culture and Recreation	2,080	2,751			2,080	2,751
Interest on L-T Debt	438	401			438	401
Water			2,734	3,028	2,734	3,028
Sewer			5,113	5,040	5,113	5,040
Total Expenses	12,359	11,610	7,847	8,068	20,206	19,678
Increase(decr) before Trans	4,892	3,773	748	-116	5,640	3,657
Transfers	(15)	148	15	-148	0	0
Increase(decr) in net assets	4,877	3,921	763	-264	5,640	3,657
Net Assets - Beginning	56,947	53,026	29,723	29,987	86,670	83,013
Net Assets - Ending	61,824	56,947	30,486	29,723	92,310	86,670

The City's net assets increased by \$5,640,322 (6.5%). This increase is due in part from contributions of street and storm infrastructure by land developers in the amount of \$2,102,971.

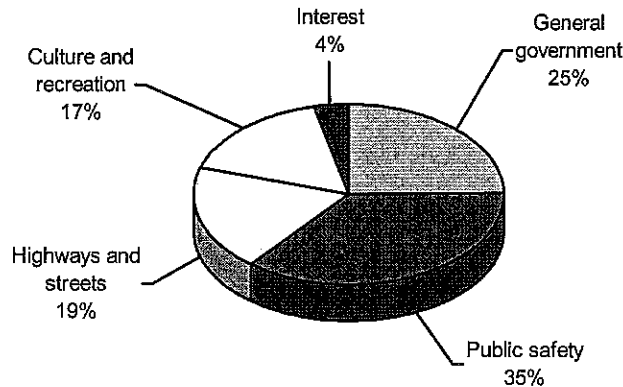
The City's governmental activities net assets increased in the amount of \$4,877,405, and the net assets of the City's business-type activities increased by of \$762,917.

"Property Taxes" are the city's primary on-going source of revenue. Property taxes comprising 44% of the city's governmental revenue, is derived from the permanent tax rate and taxes levied for the repayment of bonded indebtedness. "Capital Grants" include grants and loans for the construction of street and park facilities. "Other" is composed largely of System Development Charges intended to provide street and park infrastructure. Franchise fees and Transient Occupancy Taxes comprise "Other Taxes" "Charges for Services" are fees charged for building permits and land use applications.

City of Woodburn Governmental Activities Revenue



City of Woodburn Governmental Activities Functional Expenses



Expenses for Public Safety include the Police and the Municipal Court. Culture and Recreation includes the library, swimming pool, recreational programs, and the museum. General Government includes Land Use Planning, Parks Maintenance, and Administration.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues, and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the City's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby functional costs are shown net of related program revenue. This statement shows the extent to which the functions depend on general taxes for support.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, streets, community development, public safety, and culture & recreation. The business-type activities of the City include sewer and water utilities.

The government-wide financial statements include not only the City itself, but also the Woodburn Urban Renewal Agency. Although the agency is legally separate, it functions for all practical purposes as a part of the City, and therefore has been included as a blended component unit as an integral part of the primary government. The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The General Fund, The Street Fund, the Transportation Impact Fee (TIF) Fund, and the Police Construction Fund are major funds. Information on these funds is presented separately in the governmental funds statements. The City maintains eighteen other individual governmental funds

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses its enterprise funds (pages 73-82) to account for its sewer and water utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds (pages 83-90) to account for its insurance, motorized equipment, Public Works administration, and building maintenance operations.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-35 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining individual fund statements referred to earlier in connection with non-major governmental funds and internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures, and Changes in Fund Balances for all non-major special revenue funds, all debt service funds, and all capital projects funds.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2007, the City's governmental funds reported a combined fund balance of \$17,881,604, which is a decrease of \$274,292 from June 30, 2006.

The general fund is the primary operating fund of the City. As of June 30, 2007, the general fund balance is \$2,192,772, which is an increase of \$258,065 from June 30, 2006. This increase is the result of increasing revenue without a corresponding increase in costs.

BUDGETARY HIGHLIGHTS

The City adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and all major special revenue funds (Street Fund) are required to be presented and are included in the basic financial statements on pages 6-7 of this report. Additionally, budgetary schedules for the other governmental funds have been provided to demonstrate compliance with the budget and can be found as part of other supplementary schedules on pages 36-72 of this report.

The changes between the original and final budget of the General Fund totaled \$470,286. Actual beginning fund balance was \$260,534 greater than budgeted, and the revenue budget was increased by \$209,752. Expenditure appropriations increased \$374,290. Contingencies were increased by \$95,996.

Changes in General Fund Budget

Beginning Fund Balance	\$260,534
Taxes	18,000
Licenses and Permits	7,000
Intergovernmental (grants)	142,773
Charges for Services	360
Fines	-57,600
Other	99,219
Total Revenues	<u>\$470,286</u>
General Government	\$165,938
Public Safety	165,142
Culture and Recreation	43,210
Contingencies	95,996
Total Expenditures	<u>\$470,286</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2007, the City had invested \$113,361,599 (net of depreciation) in capital assets of its governmental and business-type activities. This investment includes land and land improvements, buildings, equipment and public infrastructure (streets, water, and sewer). The investment in governmental activities capital assets increased by \$4,635,525. The significant additions during the year ended June 30, 2007 were: added streets and storm sewers (\$3,112,776) and work-in-progress on the Police Facility (\$2,257,328). Capital assets of business-type activities decreased by \$1,275,253, which is the net of minor additions (\$823,829) offset against depreciation expense (\$2,099,082).

Additional information on the City's capital assets may be found in note 5 to the basic financial statements.

The City issued no new governmental debt during the year. The total governmental long-term debt outstanding as of June 30, 2007, was \$9,272,833.

No new business-type debt was issued during the year ended June 30, 2007. The total business-type long-term debt outstanding as of June 30, 2007 was \$39,113,227.

During the year ending June 30, 2007, the City retired a total of \$2,410,778 in principal on long-term debt.

A summary of the City's long-term obligations outstanding on June 30, 2007, is:

General obligation bonds	\$ 14,738,524
Loans	33,170,569
Capital leases	13,882
Compensated absences	<u>463,085</u>
Total	<u>\$ 48,386,060</u>

Additional information about the City's long-term debt can be found in note 7 to the basic financial statements.

ECONOMIC and LEGAL FACTORS

The downturn in the mortgage markets and home buying has not been felt in Woodburn and the Portland area generally as severely as in other parts of the county. Three developers have filed plans for residential developments totaling 123 new homes. Woodburn expects to gain State approval during the coming year to expand its Urban Growth Boundary, which will allow more industrial development. The combined effect of these two forces will be to add substantially to Woodburn's tax base in the coming years.

Franchise fees are the second largest source of revenue in the General Fund. Revenue from these fees are expected to increase moderately (2-3%) in the next year. Telephone and cable TV continue to lose customers and revenue, reducing slightly the amounts received in franchise fees from those two businesses. This loss is more than offset by increases in sales of electricity and natural gas.

The troubles Oregon faced with the state retirement system have passed, and in fact, Oregon's pension funds are now fully funded. During the troubled period Woodburn built reserves of \$796,000, which are still available.

Woodburn's economy depends on retail, tourism, produce packing, and warehousing. All four industries are expected to do well in the coming year.

The City is not aware of any pending or threatened litigation or claims that would have a material effect on the financial statements.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability.

If you have questions about the report or need additional financial information, please contact the City Finance Director at 270 Montgomery, Woodburn, Oregon.

BASIC FINANCIAL STATEMENTS

CITY OF WOODBURN

STATEMENT OF NET ASSETS

June 30, 2007

	<u>Governmental</u>	<u>Business-type</u>	<u>Totals</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and investments	\$ 18,488,397	\$ 7,386,123	\$ 25,874,520
Restricted cash and investments	--	211,361	211,361
Receivables	1,843,309	472,939	2,316,248
Prepaid items	2,311	--	2,311
Internal balances	(4,459)	4,459	--
Due from fiduciary funds	50,249	--	50,249
Inventories	11,065	160,364	171,429
Capital assets:			
Land, improvements and construction in progress	29,173,408	1,775,036	30,948,444
Other capital assets, net of depreciation	<u>21,944,925</u>	<u>60,468,230</u>	<u>82,413,155</u>
TOTAL ASSETS	<u>71,509,205</u>	<u>70,478,512</u>	<u>141,987,717</u>
LIABILITIES			
Accounts payable and accrued items	388,058	124,851	512,909
Accrued interest payable	24,117	543,439	567,556
Liabilities payable from restricted cash and investments:			
Accounts payable	--	99,842	99,842
Customer deposits	--	111,519	111,519
Long-term obligations:			
Due within one year	979,158	1,988,299	2,967,457
Due in more than one year	<u>8,293,675</u>	<u>37,124,928</u>	<u>45,418,603</u>
TOTAL LIABILITIES	<u>9,685,008</u>	<u>39,992,878</u>	<u>49,677,886</u>
NET ASSETS			
Invested in capital assets, net of related debt	42,853,412	23,203,286	66,056,698
Restricted for:			
Capital projects	6,535,764	6,603,194	13,138,958
Debt service	2,178,147	--	2,178,147
Highways and streets	1,006,854	--	1,006,854
Unreserved	<u>9,250,020</u>	<u>679,154</u>	<u>9,929,174</u>
TOTAL NET ASSETS	<u>\$ 61,824,197</u>	<u>\$ 30,485,634</u>	<u>\$ 92,309,831</u>

See notes to basic financial statements

CITY OF WOODBURN
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities
Functions/Programs						Totals
Governmental activities						
General government	\$ 3,069,307	\$ 1,031,594	\$ --	\$ 263,267	\$ (1,774,446)	\$ (1,774,446)
Public safety	4,436,137	--	--	--	(4,436,137)	(4,436,137)
Highways and streets	2,335,596	31,139	--	2,894,632	590,175	590,175
Culture and recreation	2,079,553	167,729	61,905	88,499	(1,761,420)	(1,761,420)
Interest on long-term obligations	437,685	--	--	--	(437,685)	(437,685)
TOTAL GOVERNMENTAL ACTIVITIES	12,358,278	1,230,462	61,905	3,246,398	(7,819,513)	(7,819,513)
Business-type activities						
Water	2,733,439	3,369,677	--	794,496	\$ 1,430,734	1,430,734
Sewer	5,113,296	3,786,343	--	254,353	(1,072,600)	(1,072,600)
TOTAL BUSINESS-TYPE ACTIVITIES	7,846,735	7,156,020	--	1,048,849	358,134	358,134
Totals	\$ 20,205,013	\$ 8,386,482	\$ 61,905	\$ 4,295,247	(7,819,513)	(7,461,379)
General revenues						
Taxes:						
Property taxes levied for:						
General purposes					6,488,533	-- 6,488,533
Debt service					1,112,146	-- 1,112,146
Franchise taxes					1,499,451	-- 1,499,451
Transient room taxes					223,713	-- 223,713
Other grants and contributions not restricted to specific programs					1,831,535	-- 1,831,535
Unrestricted investment earnings					937,467	347,549 1,285,016
Miscellaneous					618,788	42,519 661,307
Transfers					(14,715)	14,715 --
TOTAL GENERAL REVENUES AND TRANSFERS					12,696,918	404,783 13,101,701
CHANGE IN NET ASSETS					4,877,405	762,917 5,640,322
NET ASSETS - BEGINNING					56,946,792	29,722,717 86,669,509
NET ASSETS - ENDING					\$ 61,824,197	\$ 30,485,634 \$ 92,309,831

See notes to basic financial statements

CITY OF WOODBURN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Street	Transportation Impact Fee	Police Construction	Other Governmental Funds	Totals
<u>ASSETS</u>						
Cash and investments	\$ 1,969,482	\$ 674,848	\$ 6,526,188	\$ 619,569	\$ 7,927,542	\$ 17,717,629
Receivables	475,864	86,279	10,609	1,007	1,267,246	1,841,005
Prepaid items	2,311	--	--	--	--	2,311
Due from fiduciary funds	50,249	--	--	--	--	50,249
TOTAL ASSETS	\$ 2,497,906	\$ 761,127	\$ 6,536,797	\$ 620,576	\$ 9,194,788	\$ 19,611,194
<u>LIABILITIES</u>						
Accounts payable and accrued items	\$ 58,831	\$ 32,225	\$ 1,033	\$ 2,502	\$ 268,118	\$ 362,709
Deferred revenue	246,303	--	--	--	1,119,645	1,365,948
Matured coupons payable	--	--	--	--	933	933
TOTAL LIABILITIES	305,134	32,225	1,033	2,502	1,388,696	1,729,590
<u>FUND BALANCES</u>						
Reserved for debt service	--	--	--	--	2,184,248	2,184,248
Unreserved, reported in:						
General fund	2,192,772	--	--	--	--	2,192,772
Special revenue funds	--	728,902	--	--	1,869,158	2,598,060
Capital projects funds	--	--	6,535,764	618,074	3,752,686	10,906,524
TOTAL FUND BALANCES	2,192,772	728,902	6,535,764	618,074	7,806,092	17,881,604
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,497,906	\$ 761,127	\$ 6,536,797	\$ 620,576	\$ 9,194,788	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$18,204,098		50,708,628
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes earned but not available	\$ 289,972	
Assessments earned but not available	499,522	
Housing rehabilitation loans earned but not available	576,454	1,365,948
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		1,056,392
Long-term obligations, including accrued interest thereon are not due and payable in the current period and therefore are not reported in the funds		(9,188,375)
		<u>\$ 61,824,197</u>

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2007**

	General	Street	Transporta- tion Impact Fee	Police Construc- tion	Other Governmental Funds	Totals
REVENUES						
Property taxes	\$ 6,355,045	\$ -	\$ -	\$ -	\$ 1,246,176	\$ 7,601,221
System development charges	-	-	592,088	-	118,338	710,426
Franchise fees	1,200,622	-	-	-	566,448	1,767,070
Permits and fees	120,422	8,677	-	-	293,854	422,953
Fines and forfeitures	561,124	-	-	-	-	561,124
Intergovernmental	510,515	1,042,128	-	146,689	826,096	2,525,428
Interest	132,460	30,494	296,132	56,140	377,964	893,190
Other	423,597	12,828	-	-	345,563	781,988
TOTAL REVENUES	<u>9,303,785</u>	<u>1,094,127</u>	<u>888,220</u>	<u>202,829</u>	<u>3,774,439</u>	<u>15,263,400</u>
EXPENDITURES						
Current						
General government	1,907,469	-	-	71,331	703,090	2,681,890
Public safety	4,300,410	-	-	-	3,600	4,304,010
Highways and streets	-	944,193	14,974	-	316,128	1,275,295
Culture and recreation	1,948,006	-	-	-	-	1,948,006
Capital outlay	100,862	30,200	54,200	2,185,997	1,515,950	3,887,209
Debt service	-	-	-	-	1,018,716	1,018,716
TOTAL EXPENDITURES	<u>8,256,747</u>	<u>974,393</u>	<u>69,174</u>	<u>2,257,328</u>	<u>3,557,484</u>	<u>15,115,126</u>
Excess (deficiency) of revenues over expenditures	<u>1,047,038</u>	<u>119,734</u>	<u>819,046</u>	<u>(2,054,499)</u>	<u>216,955</u>	<u>148,274</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	300,000	-	-	675,723	975,723
Transfers out	(788,973)	(305,633)	-	-	(303,683)	(1,398,289)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(788,973)</u>	<u>(5,633)</u>	<u>-</u>	<u>-</u>	<u>372,040</u>	<u>(422,566)</u>
Net change in fund balances	258,065	114,101	819,046	(2,054,499)	588,995	(274,292)
Fund balances at beginning of year	<u>1,934,707</u>	<u>614,801</u>	<u>5,716,718</u>	<u>2,672,573</u>	<u>7,217,097</u>	<u>18,155,896</u>
Fund balances at end of year	<u>\$ 2,192,772</u>	<u>\$ 728,902</u>	<u>\$ 6,535,764</u>	<u>\$ 618,074</u>	<u>\$ 7,806,092</u>	<u>\$ 17,881,604</u>

See notes to basic financial statements

CITY OF WOODBURN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (274,292)

Amounts reported for governmental activities in the

Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures while government-wide statements report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 3,887,209	
Depreciation	<u>(1,283,196)</u>	2,604,013

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (117,817)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Developer contributions	2,102,971	
Property taxes	(542)	
Assessments	(91,325)	
Loan repayments	<u>(55,788)</u>	1,955,316

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the government wide statements. 581,031

Some expenses reported in the government wide statements do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated absences	(27,363)
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Internal service funds are used by management to charge the costs of various functions to individual funds. The net revenue (expense) of the internal service fund is allocated between governmental and business-type activities

	<u>156,517</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 4,877,405

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND Year Ended June 30, 2007

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 6,360,500	\$ 6,360,500	\$ 6,355,045	\$ (5,455)
Franchise fees	1,117,000	1,142,000	1,200,622	58,622
Permits and fees	115,000	115,000	120,422	5,422
Fines and forfeitures	657,600	600,000	561,124	(38,876)
Intergovernmental	303,500	446,273	510,515	64,242
Interest	125,000	125,000	132,460	7,460
Other	400,500	500,079	423,597	(76,482)
TOTAL REVENUES	<u>9,079,100</u>	<u>9,288,852</u>	<u>9,303,785</u>	<u>14,933</u>
EXPENDITURES				
Council and mayor	28,937	28,937	22,620	6,317
City administrator	301,262	301,262	293,727	7,535
City recorder	54,124	54,124	52,206	1,918
City attorney	155,678	155,678	141,254	14,424
Finance	167,435	216,574	203,844	12,730
Municipal court	149,627	149,627	133,922	15,705
Non-departmental	152,835	166,931	130,203	36,728
Police	4,343,066	4,508,208	4,376,711	131,497
Library	977,132	957,615	900,015	57,600
Leisure services	370,979	400,989	368,571	32,418
Swimming pool	578,066	578,066	523,710	54,356
Parks administration	244,238	99,130	95,886	3,244
Community service administrator	--	177,825	111,898	65,927
Planning	454,015	464,015	449,224	14,791
Parks maintenance	483,780	488,780	452,956	35,824
Contingencies	910,929	1,006,925	--	1,006,925
TOTAL EXPENDITURES	<u>9,372,103</u>	<u>9,754,686</u>	<u>8,256,747</u>	<u>1,497,939</u>
Excess (deficiency) of revenues over expenditures	<u>(293,003)</u>	<u>(465,834)</u>	<u>1,047,038</u>	<u>1,512,872</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,500	6,500	--	(6,500)
Transfers out	(699,670)	(787,373)	(788,973)	(1,600)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(693,170)</u>	<u>(780,873)</u>	<u>(788,973)</u>	<u>(8,100)</u>
Net change in fund balances	(986,173)	(1,246,707)	258,065	1,504,772
Fund balance at beginning of year	<u>1,674,173</u>	<u>1,934,707</u>	<u>1,934,707</u>	<u>--</u>
Fund balance at end of year	<u>\$ 688,000</u>	<u>\$ 688,000</u>	<u>\$ 2,192,772</u>	<u>\$ 1,504,772</u>

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Permits and fees	\$ 2,000	\$ 2,000	\$ 8,677	\$ 6,677
Intergovernmental	1,000,000	1,000,000	1,042,128	42,128
Interest	20,000	20,000	30,494	10,494
Other	<u>5,000</u>	<u>5,000</u>	<u>12,828</u>	<u>7,828</u>
TOTAL REVENUES	<u>1,027,000</u>	<u>1,027,000</u>	<u>1,094,127</u>	<u>67,127</u>
EXPENDITURES				
Street repair and maintenance	1,053,824	1,053,824	745,227	308,597
Street cleaning	102,283	102,283	100,739	1,544
Street administration	170,377	170,377	128,427	41,950
Contingency	<u>168,407</u>	<u>271,508</u>	<u>--</u>	<u>271,508</u>
TOTAL EXPENDITURES	<u>1,494,891</u>	<u>1,597,992</u>	<u>974,393</u>	<u>623,599</u>
Excess (deficiency) of revenues over expenditures	<u>(467,891)</u>	<u>(570,992)</u>	<u>119,734</u>	<u>690,726</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	--
Transfers out	<u>(305,633)</u>	<u>(305,633)</u>	<u>(305,633)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,633)</u>	<u>(5,633)</u>	<u>(5,633)</u>	<u>--</u>
Net change in fund balances	(473,524)	(576,625)	114,101	690,726
Fund balance at beginning of year	<u>511,700</u>	<u>614,801</u>	<u>614,801</u>	<u>--</u>
Fund balance at end of year	<u>\$ 38,176</u>	<u>\$ 38,176</u>	<u>\$ 728,902</u>	<u>\$ 690,726</u>

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF NET ASSETS PROPRIETARY FUNDS June 30, 2007

	Business-type Activities / Enterprise Funds						Governmental
	Water	Water Well Construction	Wastewater Treatment Plant	Wastewater Treatment Plant Construction	Other Enterprise Funds	Totals	Activities Internal Service Funds
ASSETS							
Current assets							
Cash and investments	\$ 580,761	\$ 3,617,712	\$ 320,244	\$ 930,020	\$ 1,937,386	\$ 7,386,123	\$ 770,768
Restricted cash and investments	183,139	--	--	28,222	--	211,361	--
Receivables	109,639	147,922	123,328	88,914	3,136	472,939	2,304
Due from other funds	--	232,000	--	--	--	232,000	--
Inventories	104,853	--	55,511	--	--	160,364	11,065
Total current assets	978,392	3,997,634	499,083	1,047,156	1,940,522	8,462,787	784,137
Capital assets							
Land, improvements and construction in progress	475,547	--	1,299,489	--	--	1,775,036	--
Other capital assets, net of depreciation	22,665,312	--	37,802,918	--	--	60,468,230	409,705
Total capital assets, net	23,140,859	--	39,102,407	--	--	62,243,266	409,705
TOTAL ASSETS	24,119,251	3,997,634	39,601,490	1,047,156	1,940,522	70,706,053	1,193,842
LIABILITIES							
Current liabilities							
Accounts payable and accrued items	31,337	37,902	44,929	10,683	--	124,851	22,416
Due to other funds	--	--	--	232,000	--	232,000	--
Accrued interest payable	370,167	--	173,272	--	--	543,439	--
Liabilities payable from restricted assets							
Accounts payable	71,620	--	--	28,222	--	99,842	--
Customer deposits	111,519	--	--	--	--	111,519	2,000
Compensated absences payable	39,251	--	33,996	--	--	73,247	108,575
Current portion of long-term obligations	514,860	--	1,400,192	--	--	1,915,052	--
Total current liabilities	1,138,754	37,902	1,652,389	270,905	--	3,099,950	132,991
Long-term obligations	14,696,894	--	22,428,034	--	--	37,124,928	--
TOTAL LIABILITIES	15,835,648	37,902	24,080,423	270,905	--	40,224,878	132,991
NET ASSETS							
Invested in capital assets, net of related debt	7,929,105	--	15,274,181	--	--	23,203,286	409,705
Restricted for capital projects	--	3,959,732	--	776,251	1,867,211	6,603,194	--
Unrestricted	354,498	--	246,886	--	73,311	674,695	651,146
TOTAL NET ASSETS	\$ 8,283,603	\$ 3,959,732	\$ 15,521,067	\$ 776,251	\$ 1,940,522	30,481,175	\$ 1,060,851
Internal balances result from transactions between the governmental activities, business-type activities and internal service funds							4,459
NET ASSETS OF BUSINESS-TYPE ACTIVITIES							\$ 30,485,634

See notes to basic financial statements

CITY OF WOODBURN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS Year Ended June 30, 2007

	Business-type Activities / Enterprise Funds					Governmental	
	Wastewater					Activities	
	Water	Water Well Construction	Wastewater Treatment Plant	Treatment Plant Construction	Other Enterprise Funds	Totals	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 1,687,978	\$ 1,630,722	\$ 2,264,352	\$ 1,521,891	\$ --	\$ 7,104,943	\$ 59,327
Rents	--	--	--	--	--	--	614,689
Total operating revenues	1,687,978	1,630,722	2,264,352	1,521,891	--	7,104,943	674,016
OPERATING EXPENSES							
Personal services	899,658	--	909,396	20,035	--	1,829,089	1,310,725
Material and services	499,148	135,685	806,743	210,689	--	1,652,265	1,012,532
Depreciation	211,138	--	1,887,944	--	--	2,099,082	57,366
Total operating expenses	1,609,944	135,685	3,604,083	230,724	--	5,580,436	2,380,623
Operating income (loss)	78,034	1,495,037	(1,339,731)	1,291,167	--	1,524,507	(1,706,607)
NONOPERATING REVENUES (EXPENSES)							
Interest	34,215	161,272	15,661	36,508	99,893	347,549	31,682
Other	66,589	--	27,007	--	--	93,596	562,358
Interest	10,539	(429,981)	173,564	(456,880)	(820,125)	(1,522,883)	--
Total nonoperating revenues (expenses)	111,343	(268,709)	216,232	(420,372)	(720,232)	(1,081,738)	594,040
Income (loss) before transfers and contributions	189,377	1,226,328	(1,123,499)	870,795	(720,232)	442,769	(1,112,567)
TRANSFERS AND CONTRIBUTIONS							
Capital contributions	633,773	--	--	--	415,076	1,048,849	--
Transfers in	567,180	--	1,466,554	--	--	2,033,734	1,221,302
Transfers out	(363,321)	(323,264)	(472,283)	(1,317,737)	(203,018)	(2,679,623)	(35,030)
Total transfers and contributions	(837,632)	(323,264)	(994,271)	(1,317,737)	212,058	(402,960)	1,186,272
Change in net assets	1,027,009	903,064	(129,228)	(446,942)	(508,174)	845,729	73,705
Net assets - beginning of year	7,256,594	3,056,668	15,650,295	1,223,193	2,448,696		987,146
Net assets - end of year	\$ 8,283,603	\$ 3,959,732	\$ 15,521,067	\$ 776,251	\$ 1,940,522		\$ 1,060,851
<i>Some amounts reported for business-type activities in the statement of activities are different because:</i>							
A portion of the net revenue (expense) of internal service funds is allocable to business-type activities						(82,812)	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES						\$ 762,917	

See notes to basic financial statements

CITY OF WOODBURN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Business-type Activities / Enterprise Funds						Governmental
						Totals	Activities
	Water	Water Well Construction	Wastewater Treatment Plant	Wastewater Treatment Plant Construction	Other Enterprise Funds		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 1,668,629	\$ 1,604,872	\$ 2,262,493	\$ 1,532,891	\$ -	\$ 7,068,885	\$ 675,177
Payments to suppliers	(476,003)	(113,237)	(810,976)	(204,811)	-	(1,605,027)	(1,048,203)
Payments to employees	(898,108)	-	(914,674)	(20,035)	-	(1,832,817)	(1,309,641)
Other	66,589	-	27,007	-	-	93,596	561,877
Net cash provided by (used in) operating activities	361,107	1,491,635	563,850	1,308,045	-	3,724,637	(1,120,790)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
Transfers in	70,000	-	-	-	-	70,000	1,221,302
Transfers out	(363,321)	-	(472,283)	-	-	(835,604)	(33,132)
Net cash provided by (used in) non-capital financing activities	(293,321)	-	(472,283)	-	-	(765,604)	1,188,170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	-	-	-	-	426,694	426,694	-
Acquisition of capital assets	(70,341)	-	-	-	-	(70,341)	(105,622)
Proceeds from interfund loan	-	-	-	232,000	-	232,000	-
Issuance of interfund loan	-	(232,000)	-	-	-	(232,000)	-
Principal paid on long-term obligations	-	(323,264)	-	(1,317,737)	(203,018)	(1,844,019)	-
Interest paid on long-term obligations	-	(429,981)	-	(456,880)	(820,125)	(1,706,986)	-
Net cash (used in) capital and related financing activities	(70,341)	(985,245)	-	(1,542,617)	(596,449)	(3,194,652)	(105,622)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest	34,215	161,272	15,661	36,508	99,893	347,549	31,682
Net increase (decrease) in cash and cash equivalents	31,660	667,662	107,228	(198,064)	(496,556)	111,930	(6,560)
Cash and cash equivalents--beginning of year	549,101	2,950,050	213,016	1,128,084	2,433,942	7,274,193	777,328
Cash and cash equivalents--end of year	\$ 580,761	\$ 3,617,712	\$ 320,244	\$ 930,020	\$ 1,937,386	\$ 7,386,123	\$ 770,768
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ 78,034	\$ 1,495,037	\$ (1,339,731)	\$ 1,291,167	\$ -	\$ 1,524,507	\$ (1,706,607)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation	211,138	-	1,887,944	-	-	2,099,082	57,366
Other	66,589	-	27,007	-	-	93,596	562,358
(Increase) decrease in assets							
Receivables	(20,326)	(25,850)	(1,859)	11,000	-	(37,035)	680
Inventories	10,775	-	353	-	-	11,128	(2,235)
Restricted cash and investments	4,799	-	-	-	-	4,799	-
Increase (decrease) in liabilities							
Accounts payable and accrued items	12,370	22,448	(4,586)	5,878	-	36,110	(33,436)
Customer deposits	(3,822)	-	-	-	-	(3,822)	-
Compensated absences payable	1,550	-	(5,278)	-	-	(3,728)	1,084
Net cash provided by (used in) operating activities	\$ 361,107	\$ 1,491,635	\$ 563,850	\$ 1,308,045	\$ -	\$ 3,724,637	\$ (1,120,790)

Supplemental Disclosure

Noncash noncapital financing activities

During the year, the City's Wastewater Treatment Plant fund received a noncash transfer of capital assets from governmental activities in the amount of \$119,715.

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2007**

	<u>Pension Trust</u>	<u>Agency</u>
<u>ASSETS</u>		
Cash and investments	\$ --	\$ 173,536
Restricted cash and investments	<u>541,728</u>	<u>--</u>
TOTAL ASSETS	<u>541,728</u>	<u>\$ 173,536</u>
<u>LIABILITIES</u>		
Due to General Fund	--	\$ 50,249
Trust deposits	<u>--</u>	<u>123,287</u>
TOTAL LIABILITIES	<u>--</u>	<u>\$ 173,536</u>
<u>NET ASSETS</u>		
Held in trust for pension benefits	<u>\$ 541,728</u>	

See notes to basic financial statements

CITY OF WOODBURN

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2007**

	<u>Pension Trust</u>
ADDITIONS	
Earnings on investments	\$ 16,498
Net assets - beginning	<u>525,230</u>
Net assets - ending	<u>\$ 541,728</u>

See notes to basic financial statements

CITY OF WOODBURN
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2007

1. Summary of significant accounting policies

A. Organization (reporting entity)

Control of the City is vested in its mayor and council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the mayor and council. The chief administrative officer is the City Administrator.

The accompanying basic financial statements present all funds, account groups, and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council serves as the governing board of the WOODBURN URBAN RENEWAL AGENCY. Therefore, the accounts of the agency are included in the financial statements of the City.

Complete financial statements for the WOODBURN URBAN RENEWAL AGENCY may be obtained from the City's finance department.

B. Government-wide and fund financial statements

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property tax revenues are recognized in the fiscal year for which they were levied, provided they are due and collectable within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

The City reports the following major governmental funds:

- *General* – accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, library operations, and parks and recreations.
- *Street* – accounts for the operation of the City Road Department. Expenditures are primarily for repair, maintenance and construction of city streets.
- *Transportation Impact Fee* – accounts for system development for traffic controls and street construction.
- *Police Construction* – accounts for the construction of a new police facility.

The City reports the following major proprietary funds:

- *Water* – accounts for water services for residents of the City. The principal revenue source is from user fees. The primary expenditure is for system operations
- *Water Well Construction* – accounts for the construction of water wells. The principal revenue source is transfers from the Water Fund.
- *Wastewater Treatment Plant* – accounts for the treatment of wastewater generated in the City. The primary revenue source is from user fees.
- *Wastewater Treatment Plant Construction* – accounts for the construction of the plant. The primary source of revenue comes from proceeds from long-term obligations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

Additionally, the City reports the following fund types:

- *Special Revenue* – accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.
- *Debt Service* – accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- *Capital Projects* – accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of City owned property, general obligation bond proceeds, full faith and credit bonds, and revenue bonds.
- *Enterprise* – accounts for services rendered to the public on a user charge basis and are predominately self-supporting
- *Internal Services* – accounts for services provided to other departments or agencies within the City on a cost reimbursement basis.
- *Pension Trust* – accounts for funds held to provide retirement benefits to City employees.
- *Agency* – accounts for amounts held by the City on behalf of others in a fiduciary capacity.

D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

D. Budget policies and budgetary control (continued)

The ordinance authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds, except the General, Transit System, Street, Parks/Recreation Capital Improvement, Water, Wastewater Treatment Plant, Wastewater Plant Construction, Water Well Construction, and Technical and Environmental Services funds for which budgetary control is established at the department level.

Budget amounts shown in the basic financial statements have been revised since the original budget amounts were adopted. The City Council must authorize all appropriation transfers and supplementary budgetary appropriations.

E. Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

F. Cash and cash equivalents

For purposes of the accompanying statement of cash flows, the internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the City Treasurer's investment pool, to be cash equivalents.

G. Financial instruments

Statement of Financial Accounting Standards No. 107 requires all entities to disclose the fair value of certain financial instruments in their financial statements. Accordingly, the management reports that the carrying amount of cash equivalents, receivables, accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments. The carrying amounts of long-term notes payable approximate fair value based on comparisons to the market rate of interest.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

H. Inventories

Inventories purchased are stated at cost (first-in, first-out method). Inventories are recorded as expenditures when purchased or donated. Inventories are offset by a fund balance reserve, as they do not constitute available expendable resources.

I. Receivables

Property taxes in the governmental fund types, which have been collected within sixty days following year-end, are considered measurable and available and are recognized as revenues. Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue. All other property taxes receivable are offset by deferred revenues and accordingly, have not been recognized as revenue. Real and personal property are assessed and property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

All property taxes receivable are due from owners of property within the City.

Receivables for state shared revenue are recorded as revenue in all fund types as earned.

User charges receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off.

J. Capital assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Capital assets include public domain (infrastructure) capital assets consisting of certain improvements including roads, bridges, lighting system, drainage systems, and flood control. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. In the government-wide statements, capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

The estimated useful lives are as follows:

Infrastructure	20 to 50 years
Buildings and improvements	35 to 50 years
Equipment	3 to 20 years
Water and sewer lines	20 to 50 years

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

K. Interfund transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

L. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Compensated absences - sick leave

The City has a policy which permits represented employees and sworn officers to earn sick leave at the rate of 8 hours per month and accumulate up to a maximum of 960 hours. All other full-time employees earn sick leave at the rate of 8 hours per month and may accumulate an unlimited amount of sick leave. All sick leave lapses upon termination of employment.

2. Deposits and investments

The City maintains a pool of cash and investments that are available for use by all funds, except for the Pension Trust Fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any City, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool. Then pension trust is authorized to invest in a variety of debt and equity securities.

As of June 30, 2007, the City had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	\$ 22,066,979
Managed Fixed Income Account (Pension Trust)	N/A	<u>541,728</u>
Total		<u>\$ 22,608,707</u>

Interest Rate Risk: The City's investment policy limits investment maturities to more than 18 months as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk: The City's investment policy places a limit on the amount that can be invested in any one issuer as follows:

- U.S. Government Agencies – No more than 40% of the total portfolio in any one agency
- Banker's acceptances – No more than 25% of the total portfolio with any one institution
- Certificates of deposit with commercial banks and state and local government securities – No more than 15% of the total portfolio with any one financial institution or entity
- Commercial paper and repurchase agreements – No more than 10% of the total portfolio with any one entity or institution
- Certificates of deposit with savings and loan association – No more than 5% of the total portfolio with any one financial institution
- State of Oregon Investment Pool – Not to exceed \$20 million (\$10 million per account) with the exception of pass-through funds (in and out within 10 days)

Ninety-eight percent of the City's investments are in the State Treasurer's Investment Pool.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

Custodial Credit Risk – Deposits: This is the risk that, in the event of a bank failure, the City's deposits may not be returned. Oregon statute requires collateralization of deposits in excess of amounts insured by the Federal Depository Insurance Corporation. As of June 30, 2007, \$465,658 of the City's bank balance of \$720,877 was exposed to custodial credit risk because it was uninsured and uncollateralized.

A. The City's deposits and investments at June 30, 2007 are as follows:

Total investments	\$ 22,608,707
Cash on hand	2,185
Deposits with financial institutions	<u>4,190,253</u>
Total deposits and investments	<u>\$ 26,801,145</u>

B. The City's deposits and investments at June 30, 2007 are shown below:

Cash and investments are reported as follows:

Governmental funds/activities

General	\$ 1,969,482
Street	674,848
Transportation Impact Fee	6,526,188
Police Construction	619,569
Other Governmental Funds	<u>7,927,542</u>
Total governmental funds	17,717,629
Internal service funds included in governmental activities	<u>770,768</u>
Total governmental activities	<u>18,488,397</u>

Proprietary funds/business-type activities

Unrestricted

Water	580,761
Water Well Construction	3,617,712
Wastewater	320,244
Wastewater Treatment Plant Construction	930,020
Other Enterprise Funds	<u>1,937,386</u>
Total unrestricted	<u>7,386,123</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and investments (continued)

B. The City's deposits and investments at June 30, 2007 are shown below (continued):

Proprietary funds/business-type activities (continued)

Restricted

Water	\$ 183,139
Wastewater Treatment Plant Construction	<u>28,222</u>

Total restricted	<u>211,361</u>
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Total proprietary funds/business-type activities	<u>7,597,484</u>
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Fiduciary funds

Pension Trust	541,728
Agency	<u>173,536</u>

Total fiduciary funds	<u>715,264</u>
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Total cash and investments	<u>\$ 26,801,145</u>
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3. Receivables

A. The City's receivables at June 30, 2007 are shown below:

	Governmental funds/activities					Proprietary funds/business-type activities					Gov-	Totals				
	General	Street	Transpor-	Police	Other	Water	Well	Wastewater	Treatment	Other	men-					
			Impact	Construc-	Gov-						Construc-		Treatment	Plant	Enterprise	Internal
			Fee	tion	mental						tion		Plant	Construction	Funds	Service
Property taxes	\$ 342,257	\$ -	\$ -	\$ -	\$ 61,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,037				
Accounts	129,802	1,151	10,609	1,007	119,547	-	-	-	-	-	2,304	264,420				
Intergovernmental	3,805	85,128	-	-	9,943	-	-	-	-	-	-	98,876				
Assessments	-	-	-	-	499,522	-	-	-	-	-	-	499,522				
User charges	-	-	-	-	-	109,639	147,922	123,328	88,914	3,136	-	472,939				
Housing rehabil-																
itation loans	-	-	-	-	576,454	-	-	-	-	-	-	576,454				
	\$ 475,864	\$ 86,279	\$ 10,609	\$ 1,007	\$ 1,267,246	\$ 109,639	\$ 147,922	\$ 123,328	\$ 88,914	\$ 3,136	\$ 2,304	\$ 2,316,248				

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Marion County bills and collects property taxes for the City.

ii. Transactions

	Balances July 1, 2006	2006-07 Levy	Adjust- ments	Net Interest (Discounts)	Collections	Balances June 30, 2007
Current	\$ -	\$ 7,788,022	\$ 27,151	\$ (194,265)	\$ 7,378,917	\$ 241,991
Prior	<u>389,599</u>	<u>-</u>	<u>18,373</u>	<u>92</u>	<u>246,018</u>	<u>162,046</u>
	<u>\$ 389,599</u>	<u>\$ 7,788,022</u>	<u>\$ 45,524</u>	<u>\$ (194,173)</u>	<u>\$ 7,624,935</u>	<u>\$ 404,037</u>

B. Property taxes (continued)

iii. Ensuing year's levies

The permanent tax rate is \$6.0534 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

In addition, the City will levy \$683,550 for the retirement of long-term debt principal and interest due in 2007-08.

4. Due from/to other funds

Amounts due from and to other funds consists of the following:

<u>Fund due to</u>	<u>Fund due from</u>	<u>Amount</u>
General	Agency funds	\$ 50,249
Water Well Construction	Wastewater Treatment Plant Construction	232,000

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets

Capital asset activity for the year ended June 30, 2007 is as follows:

	Balances July 1, 2006	Additions	Deletions	Balances June 30, 2007
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 21,607,977	\$ 28,490	\$ -	\$21,636,467
Construction in progress	<u>5,279,613</u>	<u>2,257,328</u>	<u>-</u>	<u>7,536,941</u>
Total capital assets not being depreciated	<u>26,887,590</u>	<u>2,285,818</u>	<u>-</u>	<u>29,173,408</u>
Capital assets being depreciated				
Buildings	8,374,138	2,110	(44,886)	8,331,362
Equipment	4,133,170	615,953	(11,859)	4,737,264
Infrastructure	<u>25,485,481</u>	<u>3,112,776</u>	<u>-</u>	<u>28,598,257</u>
Total capital assets being depreciated	<u>37,992,789</u>	<u>3,730,839</u>	<u>(56,745)</u>	<u>41,666,883</u>
Less accumulated depreciation for:				
Buildings	2,601,284	173,021	(4,316)	2,769,989
Equipment	2,801,907	435,973	(11,859)	3,226,021
Infrastructure	<u>12,994,380</u>	<u>731,568</u>	<u>-</u>	<u>13,725,948</u>
Total accumulated depreciation	<u>18,397,571</u>	<u>1,340,562</u>	<u>(16,175)</u>	<u>19,721,958</u>
Total capital assets being depreciated, net	<u>19,595,218</u>	<u>2,390,277</u>	<u>(40,570)</u>	<u>21,944,925</u>
Governmental activities capital assets, net	<u>\$ 46,482,808</u>	<u>\$ 4,676,095</u>	<u>\$ (40,570)</u>	<u>\$51,118,333</u>
<i>Business-type Activities</i>				
Capital assets not being depreciated				
Land	\$ 1,775,036	\$ -	\$ -	\$ 1,775,036
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,775,036</u>	<u>-</u>	<u>-</u>	<u>1,775,036</u>
Capital assets being depreciated				
Water and sewer lines	34,936,477	633,773	-	35,570,250
Buildings	45,696,203	-	-	45,696,203
Equipment	<u>1,339,385</u>	<u>190,056</u>	<u>(44,313)</u>	<u>1,485,128</u>
Total capital assets being depreciated	<u>81,972,065</u>	<u>823,829</u>	<u>(44,313)</u>	<u>82,751,581</u>
Less accumulated depreciation for:				
Water and sewer lines	5,569,400	464,510	-	6,033,910
Buildings	13,974,452	1,496,605	-	15,471,057
Equipment	<u>684,730</u>	<u>137,967</u>	<u>(44,313)</u>	<u>778,384</u>
Total accumulated depreciation	<u>20,228,582</u>	<u>2,099,082</u>	<u>(44,313)</u>	<u>22,283,351</u>
Total capital assets being depreciated, net	<u>61,743,483</u>	<u>(1,275,253)</u>	<u>-</u>	<u>60,468,230</u>
Business-type activities capital assets, net	<u>\$ 63,518,519</u>	<u>\$ (1,275,253)</u>	<u>\$ -</u>	<u>\$62,243,266</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities

General government	\$	332,236
Public safety		58,503
Highways and streets		843,186
Culture and recreation		<u>106,637</u>

Total depreciation expense – governmental activities \$ 1,340,562

Business-type activities

Water	\$	211,138
Sewer		<u>1,887,944</u>

Total depreciation expense – business-type activities \$ 2,099,082

6. Deferred revenue

Resources owned by the City, which are measurable but not available, are deferred in the Governmental Funds, as follows:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Assessments	\$ --	\$ 499,522	\$ 499,522
Housing rehabilitation loans	--	576,454	576,454
Property taxes	<u>246,303</u>	<u>43,669</u>	<u>289,972</u>
Totals	<u>\$ 246,303</u>	<u>\$ 1,119,645</u>	<u>\$ 1,365,948</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations

A. Transactions for the governmental activities during the year ended June 30, 2007 were as follows:

	Balances July 1, 2006	Additions	Reductions	Balances June 30, 2007	Due Within One year
<u>General Obligation Bonds</u>					
Series 1994					
Original issue \$1,755,000, 15 years; interest at various rates					
Principal	\$ 455,000	\$ -	\$ 145,000	\$ 310,000	\$ 150,000
Interest	2,079	26,354	24,953	3,480	-
	<u>457,079</u>	<u>26,354</u>	<u>169,953</u>	<u>313,480</u>	<u>150,000</u>
Series 2005					
Original issue \$7,066,000, 20 years; interest at various rates					
Principal	6,915,000	-	235,000	6,680,000	240,000
Interest	22,076	253,074	264,906	10,244	-
	<u>6,937,076</u>	<u>253,074</u>	<u>499,906</u>	<u>6,690,244</u>	<u>240,000</u>
<u>Loans</u>					
State of Oregon Economic Development Department - (OEDD) due in various annual installments of \$38,319 to \$37,495; interest at 5.01 percent					
Principal	317,805	-	18,346	299,459	23,497
Interest	9,096	15,254	15,736	8,614	-
	<u>326,901</u>	<u>15,254</u>	<u>34,082</u>	<u>308,073</u>	<u>23,497</u>
Bank of America					
Urban Renewal - due in quarterly installments of \$56,933; interest at 4.22 percent					
Principal	1,736,565	-	156,911	1,579,654	163,638
Interest	3,053	68,453	70,821	685	-
	<u>1,739,618</u>	<u>68,453</u>	<u>227,732</u>	<u>1,580,339</u>	<u>163,638</u>
<u>Capital leases</u>					
Government Leasing Company - 3 years, annual installments of \$1,896, interest at 6.29 percent					
Principal	5,041	-	1,826	3,215	1,518
Interest	-	70	70	-	-
	<u>5,041</u>	<u>70</u>	<u>1,896</u>	<u>3,215</u>	<u>1,518</u>
2 years, annual installments of \$11,761, interest at 10.25 percent					
Principal	20,343	-	9,676	10,667	10,667
Interest	2,085	1,094	2,085	1,094	-
	<u>22,428</u>	<u>1,094</u>	<u>11,761</u>	<u>11,761</u>	<u>10,667</u>
<u>Compensated absences</u>	<u>361,391</u>	<u>327,481</u>	<u>299,034</u>	<u>389,838</u>	<u>389,838</u>
Totals	9,849,534	691,780	1,244,364	9,296,950	\$ 979,158
Accrued interest payable	38,389	364,299	378,571	24,117	
Total long-term obligations	<u>\$ 9,811,145</u>	<u>\$ 327,481</u>	<u>\$ 865,793</u>	<u>\$ 9,272,833</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

B. Transactions for the business-type activities during the year ended June 30, 2007 were as follows:

<u>Loans</u>	<u>Balances July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2007</u>	<u>Due Within One year</u>
Oregon Economic Development Department - due in annual installments of \$47,043; interest at 6.5 percent. Balance is allocated between governmental and business- type activities					
Principal	\$ 195,496	\$ -	\$ 34,336	\$ 161,160	\$ 36,568
Interest	7,346	11,417	12,707	6,056	-
	<u>202,842</u>	<u>11,417</u>	<u>47,043</u>	<u>167,216</u>	<u>36,568</u>
Oregon Economic Development Department - due in annual installments of \$29,102; interest at 6.32 percent					
Principal	141,674	-	20,147	121,527	21,421
Interest	5,176	8,219	8,955	4,440	-
	<u>146,850</u>	<u>8,219</u>	<u>29,102</u>	<u>125,967</u>	<u>21,421</u>
Oregon Economic Development Department - due in annual installments with interest at 4.74 percent					
Principal	369,065	-	24,114	344,951	24,293
Interest	10,197	17,033	17,639	9,591	-
	<u>379,262</u>	<u>17,033</u>	<u>41,753</u>	<u>354,542</u>	<u>24,293</u>
Oregon Economic Development Department - due in annual installments with interest at 4.21 percent					
Principal	3,868,574		136,959	3,731,615	142,725
Interest	94,151	159,533	162,867	90,817	-
	<u>3,962,725</u>	<u>159,533</u>	<u>299,826</u>	<u>3,822,432</u>	<u>142,725</u>
Oregon Department of Environmental Quality (DEQ) - due in semi-annual installments of \$147,792; interest at 3.93 percent					
Principal	2,897,309	-	183,506	2,713,803	190,789
Interest	46,609	87,239	112,079	21,769	-
	<u>2,943,918</u>	<u>87,239</u>	<u>295,585</u>	<u>2,735,572</u>	<u>190,789</u>
Oregon Department of Environmental Quality (DEQ) - due in semi-annual installments of \$735,150; interest at 1.21 percent					
Principal	21,571,521	-	1,084,736	20,486,785	1,127,121
Interest	277,508	678,332	824,424	131,416	-
	<u>21,849,029</u>	<u>678,332</u>	<u>1,909,160</u>	<u>20,618,201</u>	<u>1,127,121</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

B. Transactions for the business-type activities during the year ended June 30, 2007 were as follows (continued):

<u>Loans (continued)</u>	<u>Balances July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2007</u>	<u>Due Within One year</u>
Safe Drinking Water Revolving Loan Fund - (SDWRLF) due in annual installments starting in December 2004; interest at 4.21 percent starting in July 2004					
Principal	\$ 3,868,574	\$ -	\$ 136,959	\$ 3,731,615	\$ 142,725
Interest	<u>94,150</u>	<u>159,534</u>	<u>162,867</u>	<u>90,817</u>	<u>-</u>
	<u>3,962,724</u>	<u>159,534</u>	<u>299,826</u>	<u>3,822,432</u>	<u>142,725</u>
<u>General Obligation Bonds</u>					
Series 2003 Water Original issue \$8,400,000, 25 years; interest at various rates					
Principal	7,971,786	-	223,262	7,748,524	229,410
Interest	<u>192,405</u>	<u>328,961</u>	<u>332,833</u>	<u>188,533</u>	<u>-</u>
	<u>8,164,191</u>	<u>328,961</u>	<u>556,095</u>	<u>7,937,057</u>	<u>229,410</u>
<u>Compensated absences</u>	<u>76,975</u>	<u>64,373</u>	<u>68,101</u>	<u>73,247</u>	<u>73,247</u>
Totals	41,688,516	1,514,641	3,546,491	39,656,666	<u>\$ 1,988,299</u>
Accrued interest payable	<u>727,542</u>	<u>1,450,268</u>	<u>1,634,371</u>	<u>543,439</u>	
Total long-term obligations	<u>\$40,960,974</u>	<u>\$ 64,373</u>	<u>\$1,912,120</u>	<u>\$39,113,227</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

C. The future maturities of governmental activities obligations outstanding as of June 30, 2007 are as follows:

Fiscal Year	General Obligation Bonds				Loans			
	Series 1994		Series 2005		O.E.D.D.		Bank of America	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 150,000	\$ 17,050	\$ 240,000	\$ 257,856	\$ 23,497	\$ 14,901	\$ 163,638	\$ 64,094
2009	160,000	8,800	250,000	250,656	23,660	13,809	170,653	57,079
2010	-	-	260,000	243,156	23,834	12,685	177,970	49,763
2011	-	-	275,000	234,056	24,027	11,493	185,600	42,133
2012	-	-	290,000	224,431	24,228	10,291	193,557	34,175
2013-17	-	-	1,675,000	956,755	144,538	31,559	688,236	51,893
2018-22	-	-	2,130,000	598,124	35,675	1,820	-	-
2023-27	-	-	1,560,000	133,959	-	-	-	-
	<u>\$ 310,000</u>	<u>\$ 25,850</u>	<u>\$ 6,680,000</u>	<u>\$ 2,898,993</u>	<u>\$299,459</u>	<u>\$ 96,558</u>	<u>\$ 1,579,654</u>	<u>\$ 299,137</u>

Fiscal Year	Capital Leases				Compensated Absences	Totals	
	Governmental Leasing Company					Principal	Interest
	Principal	Interest	Principal	Interest			
2008	\$ 1,518	\$ 378	\$ 10,667	\$ 1,094	\$ 389,838	\$ 979,158	\$ 355,373
2009	1,697	199	-	-	-	606,010	330,543
2010	-	-	-	-	-	461,804	305,604
2011	-	-	-	-	-	484,627	287,682
2012	-	-	-	-	-	507,785	268,897
2013-17	-	-	-	-	-	2,507,774	1,040,207
2018-22	-	-	-	-	-	2,165,675	599,944
2023-27	-	-	-	-	-	1,560,000	133,959
	<u>\$ 3,215</u>	<u>\$ 577</u>	<u>\$ 10,667</u>	<u>\$ 1,094</u>	<u>\$ 389,838</u>	<u>\$ 9,272,833</u>	<u>\$ 3,322,209</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7. Long-term obligations (continued)

D. The future maturities of business-type activities obligations outstanding as of June 30, 2007 are as follows:

Fiscal Year	Loans									
					State of Oregon					
	O.E.D.D.		O.E.D.D.		O.E.D.D.		O.E.D.D.		DEQ	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 36,568	\$ 10,475	\$ 21,421	\$ 7,680	\$ 24,293	\$ 16,592	\$ 142,725	\$ 157,101	\$ 190,789	\$ 104,796
2009	38,944	8,099	22,775	6,327	24,485	15,510	148,734	151,092	198,360	97,225
2010	41,476	5,567	24,214	4,887	24,687	14,407	154,996	144,830	206,232	89,352
2011	44,172	2,871	25,744	3,357	29,901	13,284	161,521	138,306	214,417	81,168
2012	-	-	27,373	1,730	30,129	11,893	168,321	131,505	222,925	72,658
2013-17	-	-	-	-	169,621	36,584	954,057	545,073	1,254,573	223,351
2018-22	-	-	-	-	41,835	2,092	1,172,522	326,608	426,507	16,870
2023-27	-	-	-	-	-	-	828,739	70,738	-	-
2024-29	-	-	-	-	-	-	-	-	-	-
	<u>\$ 161,160</u>	<u>\$ 27,012</u>	<u>\$ 121,527</u>	<u>\$ 23,981</u>	<u>\$ 344,951</u>	<u>\$ 110,362</u>	<u>\$ 3,731,615</u>	<u>\$ 1,665,253</u>	<u>\$ 2,713,803</u>	<u>\$ 685,420</u>

Fiscal Year	Loans (continued)									
	State of Oregon				General Obligation				Totals	
	DEQ		SDWRLF		Bonds - Series 2003, Water		Compensated		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Absences		Principal	Interest
2008	\$ 1,127,121	\$ 782,038	\$ 142,725	\$ 157,101	\$ 229,410	\$ 326,135	\$ 73,247	\$	1,988,299	\$ 1,561,918
2009	1,171,163	737,997	148,734	151,092	240,592	319,252	-		1,993,787	1,486,594
2010	1,216,925	692,234	154,996	144,830	246,810	312,035	-		2,070,336	1,408,142
2011	1,264,476	644,683	161,521	138,306	253,064	304,630	-		2,154,816	1,326,605
2012	1,313,885	595,275	168,321	131,505	259,485	296,279	-		2,190,439	1,240,845
2013-17	7,380,828	2,164,969	954,057	545,073	1,458,468	1,328,577	-		12,171,604	4,843,627
2018-22	7,012,387	624,250	1,172,522	326,608	1,788,999	1,002,895	-		11,614,772	2,299,323
2023-27	-	-	828,739	70,738	2,229,287	559,818	-		3,886,765	701,294
2024-29	-	-	-	-	1,042,409	72,757	-		1,042,409	72,757
	<u>\$ 20,486,785</u>	<u>\$ 6,241,446</u>	<u>\$ 3,731,615</u>	<u>\$ 1,665,253</u>	<u>\$ 7,748,524</u>	<u>\$ 4,522,378</u>	<u>\$ 73,247</u>	\$	<u>39,113,227</u>	<u>\$ 14,941,105</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Commitments

The City leases equipment and facilities under operating leases. Rental expenditures for the year ended June 30, 2007 were 226,667.

Future minimum lease payments for years subsequent to June 30, 2007 are as follows:

2007-08	\$	54,792
2008-09		54,083
2009-10		18,028

9. Defined benefit pension plan – The Retirement Plan for Employees of City of Woodburn, Oregon

A. Plan description

The City sponsors a single-employer defined benefit pension plan that covers non-executive employees who have completed six months of employment with the City and executive employees, except the police chief, who elect coverage under this plan. It provides retirement and disability benefits, cost of living adjustments and death benefits to members and beneficiaries. It also provides for post-retirement healthcare benefits for retired general service employees age 62 and older in an amount not to exceed \$60 per month. The City Council has the authority to amend the benefit provisions of the plan.

On November 5, 1998, the City decided to integrate its retirement plan into the Oregon Public Employees Retirement System (PERS) pursuant to ORS 238.680. The City ceased contributions to its retirement plan in December 1998, except for one employee who continued under the plan until August 2000. In December 1998, the City transferred \$6,738,120 to PERS under the integration agreement with PERS. The remaining assets of the retirement plan are to provide retirement benefits to employees who have already retired or elected to remain in the plan.

Membership of the plan consisted of eight inactive members at July 1, 2006, the date of the latest actuarial valuation available as of the date of this report.

B. Funding status and progress

The pension benefit obligation (PBO), which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help assess the funding status of the plan, to assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among employers. The latest actuarial valuation was performed as of July 1, 2006.

Significant actuarial assumptions used to compute the PBO were as follows:

Investment earnings	5.5% (net of all plan expenses)
Salary increases	none (effective July 1, 2001)
Cost-of-living increases	2.0%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan – The Retirement Plan for Employees of City of Woodburn, Oregon (Continued)

C. Schedule of employer contributions

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contribution and Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
1992	\$ 336,849	100%	\$ --
1993	359,033	100%	--
1994	400,481	100%	--
1995	433,486	100%	--
1996	426,819	100%	--
1997	458,355	100%	--
1998	449,920	100%	--
1999	202,223	100%	--
2000	3,106	100%	--
2001	294	100%	--
2002	--	100%	--
2004	--	100%	--
2005	--	100%	--
2006	--	100%	--
2007	--	100%	--

10. Defined benefit pension plan – Oregon PERS

Retirement plan

The City contributes to the Oregon Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), a cost sharing multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15, or 20 year period. Employees hired on or after August 29, 2003, participate only in OPSRP. Beginning January 1, 2006, active PERS members hired before August 29, 2003, became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, PO Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at www.oregon.gov/PERS.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan – Oregon PERS (continued)

City employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the City to pay this amount on behalf of the employees. The City's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. For employees hired before August 29, 2003, the City's contribution rate is 12.49 percent of covered compensation. For employees hired on or after August 29, 2003, the City's contribution rate for the period beginning July 1, 2006 and ending February 28, 2007 was 8.04 percent of covered compensation. The City's contribution rate for employees hired after August 29, 2003 is 7.78 percent beginning March 1, 2007.

The City's contribution to the plan for the years ending June 30, 2007, 2006 and 2005, were equal to the City's required contributions for each year as follows:

<u>Year Ended June 30,</u>	<u>City Contribution</u>	<u>Member Contribution</u>	<u>Totals</u>
2007	\$ 868,228	\$ 403,402	\$ 1,271,630
2006	818,358	395,345	1,213,703
2005	502,411	365,339	867,750

11. Defined contribution pension plan

The City sponsors a defined contribution pension plan administered by ICMA Retirement Corp. to provide retirement benefits for the City Administrator, City Attorney and Public Works Director. The plan provisions and contribution requirements are established and may be amended by the City Council. The City has established a contribution rate of 17.3 percent, 7 percent and 8 percent of covered salary for the three positions, respectively. The City contributed \$80,206 to the plan for the year ended June 30, 2007.

12. Net assets restricted through enabling legislation

The amount of net assets restricted by enabling legislation is as follows:

Governmental Activities

Capital Projects – City ordinance restricts the use of Transportation Impact Fees to capital improvements which expand the capacity of the street system	\$ 6,535,764
Highways and streets – Article IX, Section 3a of the Oregon State Constitution restricts the use of revenue from taxes on motor vehicle fuel use	1,006,854

Business-type Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	6,603,194
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

13. Segment information for Enterprise Funds

The City maintains two Enterprise utilities, which provide water and wastewater services. The water utility is accounted for in three funds and the wastewater utility in four funds.

Summary financial information for the water and wastewater utilities for the year ended June 30, 2007 is as follows:

Condensed statement of net assets	<u>Water</u>	<u>Wastewater</u>
Assets		
Current assets	\$ 5,885,037	\$ 2,366,389
Restricted cash and investments	183,139	28,222
Capital assets	<u>23,140,859</u>	<u>39,102,407</u>
Total assets	<u>29,209,035</u>	<u>41,497,018</u>
Liabilities		
Current liabilities	1,176,656	1,923,294
Noncurrent liabilities	<u>14,696,894</u>	<u>22,428,034</u>
Total liabilities	<u>15,873,550</u>	<u>24,351,328</u>
Net assets		
Invested in capital assets, net of related debt	7,929,105	15,274,181
Restricted	5,051,882	1,551,312
Unrestricted	<u>354,498</u>	<u>320,197</u>
Total net assets	<u>\$ 13,335,485</u>	<u>\$ 17,145,690</u>
Condensed statement of revenues, expenses, and changes in net assets		
Operating revenue	\$ 3,318,700	\$ 3,786,243
Depreciation expense	211,138	1,887,944
Other operating expenses	<u>1,534,491</u>	<u>1,946,863</u>
Operating income (loss)	1,573,071	(48,564)
Nonoperating revenues (expenses)	<u>(331,709)</u>	<u>(750,029)</u>
Income (loss) before contributions and transfers	1,241,362	(798,593)
Capital contributions	794,496	254,353
Transfers in	567,180	1,466,554
Transfers out	<u>(860,501)</u>	<u>(1,819,122)</u>
Change in net assets	1,742,537	(896,808)
Net assets – beginning	<u>11,592,948</u>	<u>18,042,498</u>
Net assets – ending	<u>\$ 13,335,485</u>	<u>\$ 17,145,690</u>
Condensed statement cash flows		
Cash provided by operating activities	\$ 1,852,742	\$ 1,871,895
Cash (used in) noncapital financing activities	(293,321)	(472,283)
Cash (used in) capital and related financing activities	(1,299,123)	(1,895,529)
Cash provided by investing activities	<u>249,729</u>	<u>97,820</u>
Net increase (decrease) in cash	510,027	(398,097)
Cash - beginning of year	<u>4,778,837</u>	<u>2,495,356</u>
Cash - end of year	<u>\$ 5,288,864</u>	<u>\$ 2,097,259</u>

14. Contingencies - accumulated sick leave

Portions of sick leave accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2007, City employees had accumulated 3,881 days of sick leave.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15. Risk management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

16. Interfund transfers

Cash transfers are indicative of funding for capital projects, debt service, subsidies of various city operations and re-allocations of special revenues. The following schedule briefly summarizes the city's transfer activity:

Non-cash transfers occur between proprietary funds for payment of debt by a fund when the long-term obligation is reported in a different fund or when a proprietary fund acquires a capital asset which will be used in a different fund's operations.

Fund	Transfers In	
	In	Out
Governmental		
General	\$ -	\$ 788,973
Street	300,000	305,633
Other Governmental Funds	675,723	303,683
Proprietary		
Enterprise funds		
Water	70,000	363,321
Water - non-cash	497,180	-
Water Well Construction - non-cash	-	323,264
Wastewater Treatment Plant	-	472,283
Wastewater Treatment Plant - non-cash	1,466,554	-
Wastewater Treatment Plant Construction - non-cash	-	1,317,737
Other enterprise funds - non-cash	-	203,018
Internal service funds	1,221,302	33,132
Internal service funds - non-cash	-	1,898
Governmental activities		
Transfer from internal service funds - non-cash	1,898	-
Transfer to business-type activities - non-cash	-	119,715
	<u>\$ 4,232,657</u>	<u>\$ 4,232,657</u>

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION IMPACT FEE - CAPITAL PROJECTS FUND (A MAJOR FUND)
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 600,000	\$ 592,088	\$ (7,912)
Interest	<u>55,000</u>	<u>296,132</u>	<u>241,132</u>
TOTAL REVENUES	<u>655,000</u>	<u>888,220</u>	<u>233,220</u>
EXPENDITURES			
Material and services	300,000	14,974	285,026
Capital outlay	834,200	54,200	780,000
Contingency	<u>5,737,518</u>	<u>--</u>	<u>5,737,518</u>
TOTAL EXPENDITURES	<u>6,871,718</u>	<u>69,174</u>	<u>6,802,544</u>
Excess (deficiency) of revenues over expenditures	(6,216,718)	819,046	7,035,764
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>500,000</u>	<u>--</u>	<u>(500,000)</u>
Net change in fund balance	(5,716,718)	819,046	6,535,764
Fund balance at beginning of year	<u>5,716,718</u>	<u>5,716,718</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 6,535,764</u>	<u>\$ 6,535,764</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE CONSTRUCTION - CAPITAL PROJECTS FUND (A MAJOR FUND)
Year Ended June 30, 2007**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 294,000	\$ 146,689	\$ (147,311)
Interest	25,000	56,140	31,140
TOTAL REVENUES	<u>319,000</u>	<u>202,829</u>	<u>(116,171)</u>
EXPENDITURES			
Material and services	279,443	71,331	208,112
Capital outlay	2,628,596	2,185,997	442,599
Contingency	83,534	--	83,534
TOTAL EXPENDITURES	<u>2,991,573</u>	<u>2,257,328</u>	<u>734,245</u>
Net change in fund balance	(2,672,573)	(2,054,499)	618,074
Fund balance at beginning of year	<u>2,672,573</u>	<u>2,672,573</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 618,074</u>	<u>\$ 618,074</u>

CITY OF WOODBURN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Totals
<u>ASSETS</u>				
Cash and investments	\$ 1,788,056	\$ 2,169,154	\$ 3,970,332	\$ 7,927,542
Receivables	683,268	54,250	529,728	1,267,246
TOTAL ASSETS	<u>\$ 2,471,324</u>	<u>\$ 2,223,404</u>	<u>\$ 4,500,060</u>	<u>\$ 9,194,788</u>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 20,266	--	\$ 247,852	\$ 268,118
Deferred revenue	581,900	38,223	499,522	1,119,645
Matured coupons payable	--	933	--	933
TOTAL LIABILITIES	<u>602,166</u>	<u>39,156</u>	<u>747,374</u>	<u>1,388,696</u>
<u>FUND BALANCES</u>				
Reserved for debt service	--	2,184,248	--	2,184,248
Unreserved	1,869,158	--	3,752,686	5,621,844
TOTAL FUND BALANCES	<u>1,869,158</u>	<u>2,184,248</u>	<u>3,752,686</u>	<u>7,806,092</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,471,324</u>	<u>\$ 2,223,404</u>	<u>\$ 4,500,060</u>	<u>\$ 9,194,788</u>

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended June 30, 2007**

	Special Revenue	Debt Service	Capital Projects	Totals
REVENUES				
Property taxes	\$ 139,645	\$ 1,106,531	\$ -	\$ 1,246,176
System development charges	-	-	118,338	118,338
Franchise fees	17,006	-	549,442	566,448
Permits and fees	293,854	-	-	293,854
Intergovernmental	562,829	-	263,267	826,096
Interest	82,275	114,050	181,639	377,964
Other	107,809	-	237,754	345,563
TOTAL REVENUES	<u>1,203,418</u>	<u>1,220,581</u>	<u>1,350,440</u>	<u>3,774,439</u>
EXPENDITURES				
General government	695,947	-	7,143	703,090
Public safety	3,600	-	-	3,600
Highways and streets	-	-	316,128	316,128
Capital outlay	73,407	-	1,442,543	1,515,950
Debt service	47,043	937,591	34,082	1,018,716
TOTAL EXPENDITURES	<u>819,997</u>	<u>937,591</u>	<u>1,799,896</u>	<u>3,557,484</u>
Excess (deficiency) of revenues over expenditures	<u>383,421</u>	<u>282,990</u>	<u>(449,456)</u>	<u>216,955</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	38,507	-	637,216	675,723
Transfers out	(243,683)	-	(60,000)	(303,683)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(205,176)</u>	<u>-</u>	<u>577,216</u>	<u>372,040</u>
Net change in fund balances	178,245	282,990	127,760	588,995
Fund balance at beginning of year	<u>1,690,913</u>	<u>1,901,258</u>	<u>3,624,926</u>	<u>7,217,097</u>
Fund balance at end of year	<u>\$ 1,869,158</u>	<u>\$ 2,184,248</u>	<u>\$ 3,752,686</u>	<u>\$ 7,806,092</u>

CITY OF WOODBURN

COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS June 30, 2007

	General Operating Reserve	Transit System	Investigation and Seizure	State Revenue Sharing
<u>ASSETS</u>				
Cash and investments	\$ 29,440	\$ 110,736	\$ 4,954	\$ 224,268
Receivables	47	37,748	8	52,347
Advances to other funds	--	--	--	--
TOTAL ASSETS	<u>\$ 29,487</u>	<u>\$ 148,484</u>	<u>\$ 4,962</u>	<u>\$ 276,615</u>
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ --	\$ 2,233	\$ --	\$ --
Deferred revenue	--	5,446	--	--
TOTAL LIABILITIES	--	7,679	--	--
<u>FUND BALANCES</u>				
Unreserved	<u>29,487</u>	<u>140,805</u>	<u>4,962</u>	<u>276,615</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,487</u>	<u>\$ 148,484</u>	<u>\$ 4,962</u>	<u>\$ 276,615</u>

<u>Housing Rehabilitation</u>	<u>Federal Programs</u>	<u>Cable Franchise Management</u>	<u>City Gas Tax</u>	<u>Building</u>	<u>Library Endowment</u>	<u>Museum Endowment</u>	<u>Totals</u>
\$ 745,793	\$ (3,756)	\$ 4,039	\$ 275,212	\$ 362,855	\$ 24,123	\$ 10,392	\$ 1,788,056
577,666	(6)	4,389	10,390	623	39	17	683,268
--	--	--	--	--	--	--	--
<u>\$ 1,323,459</u>	<u>\$ (3,762)</u>	<u>\$ 8,428</u>	<u>\$ 285,602</u>	<u>\$ 363,478</u>	<u>\$ 24,162</u>	<u>\$ 10,409</u>	<u>\$ 2,471,324</u>
\$ --	\$ 5,819	\$ 2,739	\$ 7,650	\$ 1,825	\$ --	\$ --	\$ 20,266
576,454	--	--	--	--	--	--	581,900
576,454	5,819	2,739	7,650	1,825	--	--	602,166
747,005	(9,581)	5,689	277,952	361,653	24,162	10,409	1,869,158
<u>\$ 1,323,459</u>	<u>\$ (3,762)</u>	<u>\$ 8,428</u>	<u>\$ 285,602</u>	<u>\$ 363,478</u>	<u>\$ 24,162</u>	<u>\$ 10,409</u>	<u>\$ 2,471,324</u>

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
Year Ended June 30, 2007**

	General Operating Reserve	Transit System	Investigation and Seizure	State Revenue Sharing
REVENUES				
Property taxes	\$ -	\$ 139,645	\$ -	\$ -
Franchise fees	-	-	-	-
Permits and fees	-	-	-	-
Intergovernmental	-	169,734	-	201,170
Interest	5,668	5,024	283	8,340
Other	-	28,132	1,600	-
TOTAL REVENUES	<u>5,668</u>	<u>342,535</u>	<u>1,883</u>	<u>209,510</u>
EXPENDITURES				
General government	-	275,154	-	-
Public safety	-	-	3,600	-
Capital outlay	-	-	-	25,000
Debt service	-	-	-	47,043
TOTAL EXPENDITURES	<u>-</u>	<u>275,154</u>	<u>3,600</u>	<u>72,043</u>
Excess (deficiency) of revenues over expenditures	<u>5,668</u>	<u>67,381</u>	<u>(1,717)</u>	<u>137,467</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	27,507	-	-
Transfers out	<u>(200,000)</u>	<u>(13,217)</u>	<u>-</u>	<u>(20,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200,000)</u>	<u>14,290</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balances	(194,332)	81,671	(1,717)	117,467
Fund balance at beginning of year	<u>223,819</u>	<u>59,134</u>	<u>6,679</u>	<u>159,148</u>
Fund balance at end of year	<u>\$ 29,487</u>	<u>\$ 140,805</u>	<u>\$ 4,962</u>	<u>\$ 276,615</u>

Housing Rehabilitation	Federal Programs	Cable Franchise Management	City Gas Tax	Building	Library Endowment	Museum Endowment	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	139,645
-	-	17,006	-	-	-	-	17,006
-	-	-	-	293,854	-	-	293,854
-	60,621	-	131,304	-	-	-	562,829
33,810	74	163	11,000	16,292	1,133	488	82,275
69,463	-	3,922	-	4,692	-	-	107,809
103,273	60,695	21,091	142,304	314,838	1,133	488	1,203,418
9,808	81,047	20,615	-	309,323	-	-	695,947
-	-	-	-	-	-	-	3,600
-	-	-	46,208	2,199	-	-	73,407
-	-	-	-	-	-	-	47,043
9,808	81,047	20,615	46,208	311,522	-	-	819,997
93,465	(20,352)	476	96,096	3,316	1,133	488	383,421
-	11,000	-	-	-	-	-	38,507
-	(2,224)	-	-	(8,242)	-	-	(243,683)
-	8,776	-	-	(8,242)	-	-	(205,176)
93,465	(11,576)	476	96,096	(4,926)	1,133	488	178,245
653,540	1,995	5,213	181,856	366,579	23,029	9,921	1,690,913
\$ 747,005	\$ (9,581)	\$ 5,689	\$ 277,952	\$ 361,653	\$ 24,162	\$ 10,409	\$ 1,869,158

CITY OF WOODBURN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2007

	Bonded Debt	Bancroft Bond Redemption	Urban Renewal Debt Service	Totals
<u>ASSETS</u>				
Cash and investments	\$ 88,197	\$ 7,023	\$ 2,073,934	\$ 2,169,154
Receivables	31,149	11	23,090	54,250
TOTAL ASSETS	\$ 119,346	\$ 7,034	\$ 2,097,024	\$ 2,223,404
<u>LIABILITIES</u>				
Deferred revenue	\$ 21,747	--	\$ 16,476	\$ 38,223
Matured coupons payable	--	933	--	933
TOTAL LIABILITIES	21,747	933	16,476	39,156
<u>FUND BALANCES</u>				
Reserved for debt service	97,599	6,101	2,080,548	2,184,248
TOTAL LIABILITIES AND FUND BALANCES	\$ 119,346	\$ 7,034	\$ 2,097,024	\$ 2,223,404

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
Year Ended June 30, 2007**

	<u>Bonded Debt</u>	<u>Bancroft Bond Redemption</u>	<u>Urban Renewal Debt Service</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 647,883	\$ -	\$ 458,648	\$ 1,106,531
Interest	<u>16,783</u>	<u>330</u>	<u>96,937</u>	<u>114,050</u>
TOTAL REVENUES	664,666	330	555,585	1,220,581
EXPENDITURES				
Debt service	<u>669,859</u>	<u>-</u>	<u>267,732</u>	<u>937,591</u>
Net change in fund balances	(5,193)	330	287,853	282,990
Fund balance at beginning of year	<u>102,792</u>	<u>5,771</u>	<u>1,792,695</u>	<u>1,901,258</u>
Fund balance at end of year	<u>\$ 97,599</u>	<u>\$ 6,101</u>	<u>\$ 2,080,548</u>	<u>\$ 2,184,248</u>

CITY OF WOODBURN

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2007**

	Special Assessment	Street/Storm Capital Improvement	Parks Capital Improvement	Storm Water System Development
<u>ASSETS</u>				
Cash and investments	\$ 347,686	\$ 1,062,433	\$ 803,818	\$ 832,382
Receivables	500,087	25,522	1,307	1,359
TOTAL ASSETS	\$ 847,773	\$ 1,087,955	\$ 805,125	\$ 833,741
<u>LIABILITIES</u>				
Accounts payable and accrued items	\$ 1,706	\$ 233,291	\$ --	\$ 452
Deferred revenue	499,522	--	--	--
TOTAL LIABILITIES	501,228	233,291	--	452
<u>FUND BALANCES</u>				
Unreserved	346,545	854,664	805,125	833,289
TOTAL LIABILITIES AND FUND BALANCES	\$ 847,773	\$ 1,087,955	\$ 805,125	\$ 833,741

Public Works Facility Construction	Economic Development Revolving Loan	General Fund Capital Improvement	Equipment Replacement	Totals
\$ 26,172	\$ 207,363	\$ 430,004	\$ 260,474	\$ 3,970,332
<u>43</u>	<u>337</u>	<u>650</u>	<u>423</u>	<u>529,728</u>
<u>\$ 26,215</u>	<u>\$ 207,700</u>	<u>\$ 430,654</u>	<u>\$ 260,897</u>	<u>\$ 4,500,060</u>
\$ --	\$ --	\$ 3,691	\$ 8,712	\$ 247,852
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>499,522</u>
--	--	3,691	8,712	747,374
<u>26,215</u>	<u>207,700</u>	<u>426,963</u>	<u>252,185</u>	<u>3,752,686</u>
<u>\$ 26,215</u>	<u>\$ 207,700</u>	<u>\$ 430,654</u>	<u>\$ 260,897</u>	<u>\$ 4,500,060</u>

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
Year Ended June 30, 2007**

	Special Assessment	Street/Storm Capital Improvement	Parks Capital Improvement	Storm Water System Development
REVENUES				
System development charges	\$ -	\$ -	\$ 88,499	\$ 29,839
Franchise fees	-	549,442	-	-
Intergovernmental	-	-	-	-
Interest	20,431	48,137	36,936	43,920
Other	135,254	40,000	-	-
TOTAL REVENUES	<u>155,685</u>	<u>637,579</u>	<u>125,435</u>	<u>73,759</u>
EXPENDITURES				
General government	2,362	-	-	-
Highways and streets	-	310,197	-	5,931
Capital outlay	185,331	488,660	-	204,988
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>187,693</u>	<u>798,857</u>	<u>-</u>	<u>210,919</u>
Excess (deficiency) of revenues over expenditures	<u>(32,008)</u>	<u>(161,278)</u>	<u>125,435</u>	<u>(137,160)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	32,000	-	-
Transfers out	-	-	(60,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>32,000</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balances	(32,008)	(129,278)	65,435	(137,160)
Fund balance at beginning of year	<u>378,553</u>	<u>983,942</u>	<u>739,690</u>	<u>970,449</u>
Fund balance at end of year	<u>\$ 346,545</u>	<u>\$ 854,664</u>	<u>\$ 805,125</u>	<u>\$ 833,289</u>

Public Works Facility Construction	Economic Development Revolving Loan	General Fund Capital Improvement	Equipment Replacement	CDBG	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,338
-	-	-	-	-	549,442
-	-	74,488	188,779	-	263,267
1,259	10,298	8,585	12,073	-	181,639
-	-	62,500	-	-	237,754
1,259	10,298	145,573	200,852	-	1,350,440
-	-	-	-	4,781	7,143
-	-	-	-	-	316,128
3,582	-	170,316	389,666	-	1,442,543
-	34,082	-	-	-	34,082
3,582	34,082	170,316	389,666	4,781	1,799,896
(2,323)	(23,784)	(24,743)	(188,814)	(4,781)	(449,456)
-	-	426,216	179,000	-	637,216
-	-	-	-	-	(60,000)
-	-	426,216	179,000	-	577,216
(2,323)	(23,784)	401,473	(9,814)	(4,781)	127,760
28,538	231,484	25,490	261,999	4,781	3,624,926
\$ 26,215	\$ 207,700	\$ 426,963	\$ 252,185	\$ -	\$ 3,752,686

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OPERATING RESERVE - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 5,000	\$ 5,668	\$ 668
EXPENDITURES			
Contingency	<u>26,000</u>	<u>--</u>	<u>26,000</u>
Excess (deficiency) of revenues over expenditures	(21,000)	5,668	26,668
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>--</u>
Net change in fund balance	(221,000)	(194,332)	26,668
Fund balance at beginning of year	<u>221,000</u>	<u>223,819</u>	<u>2,819</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 29,487</u>	<u>\$ 29,487</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSIT SYSTEM - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 140,000	\$ 139,645	\$ (355)
Intergovernmental	136,502	169,734	33,232
Interest	500	5,024	4,524
Other	<u>24,800</u>	<u>28,132</u>	<u>3,332</u>
TOTAL REVENUES	<u>301,802</u>	<u>342,535</u>	<u>40,733</u>
EXPENDITURES			
City transit system	153,845	128,955	24,890
Dial-a-ride	200,435	146,199	54,236
Contingency	<u>1,018</u>	<u>--</u>	<u>1,018</u>
TOTAL EXPENDITURES	<u>355,298</u>	<u>275,154</u>	<u>80,144</u>
Excess (deficiency) of revenues over expenditures	<u>(53,496)</u>	<u>67,381</u>	<u>120,877</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	27,507	27,507	--
Transfers out	<u>(13,217)</u>	<u>(13,217)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,290</u>	<u>14,290</u>	<u>--</u>
Net change in fund balance	(39,206)	81,671	120,877
Fund balance at beginning of year	<u>53,806</u>	<u>59,134</u>	<u>5,328</u>
Fund balance at end of year	<u>\$ 14,600</u>	<u>\$ 140,805</u>	<u>\$ 126,205</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INVESTIGATION AND SEIZURE - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 100	\$ 283	\$ 183
Other	<u>--</u>	<u>1,600</u>	<u>1,600</u>
TOTAL REVENUES	100	1,883	1,783
EXPENDITURES			
Material and services	<u>3,600</u>	<u>3,600</u>	<u>--</u>
Net change in fund balance	(3,500)	(1,717)	1,783
Fund balance at beginning of year	<u>3,500</u>	<u>6,679</u>	<u>3,179</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 4,962</u>	<u>\$ 4,962</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE REVENUE SHARING - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 160,000	\$ 201,170	\$ 41,170
Interest	<u>3,000</u>	<u>8,340</u>	<u>5,340</u>
TOTAL REVENUES	<u>163,000</u>	<u>209,510</u>	<u>46,510</u>
EXPENDITURES			
Material and services	9,000	--	9,000
Capital outlay	204,500	25,000	179,500
Debt service	47,043	47,043	--
Contingency	<u>37,311</u>	<u>--</u>	<u>37,311</u>
TOTAL EXPENDITURES	<u>297,854</u>	<u>72,043</u>	<u>225,811</u>
Excess (deficiency) of revenues over expenditures	(134,854)	137,467	272,321
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>--</u>
Net change in fund balance	(154,854)	117,467	272,321
Fund balance at beginning of year	<u>154,854</u>	<u>159,148</u>	<u>4,294</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 276,615</u>	<u>\$ 276,615</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING REHABILITATION - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 20,000	\$ 33,810	\$ 13,810
Facility rentals	--	6,300	6,300
Other	<u>103,900</u>	<u>63,163</u>	<u>(40,737)</u>
TOTAL REVENUES	<u>123,900</u>	<u>103,273</u>	<u>(20,627)</u>
EXPENDITURES			
Personal services	9,841	9,130	711
Material and services	2,150	678	1,472
Contingency	<u>765,449</u>	<u>--</u>	<u>765,449</u>
TOTAL EXPENDITURES	<u>777,440</u>	<u>9,808</u>	<u>767,632</u>
Net change in fund balance	(653,540)	93,465	747,005
Fund balance at beginning of year	<u>653,540</u>	<u>653,540</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 747,005</u>	<u>\$ 747,005</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROGRAMS - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 64,051	\$ 60,621	\$ (3,430)
Interest	<u>200</u>	<u>74</u>	<u>(126)</u>
TOTAL REVENUES	<u>64,251</u>	<u>60,695</u>	<u>(3,556)</u>
EXPENDITURES			
Personal services	81,687	72,068	9,619
Material and services	9,020	8,979	41
Contingency	<u>4,995</u>	<u>--</u>	<u>4,995</u>
TOTAL EXPENDITURES	<u>95,702</u>	<u>81,047</u>	<u>14,655</u>
Excess (deficiency) of revenues over expenditures	<u>(31,451)</u>	<u>(20,352)</u>	<u>11,099</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	11,000	11,000	--
Transfers out	<u>(2,224)</u>	<u>(2,224)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,776</u>	<u>8,776</u>	<u>--</u>
Net change in fund balance	(22,675)	(11,576)	11,099
Fund balance at beginning of year	<u>22,675</u>	<u>1,995</u>	<u>(20,680)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ (9,581)</u>	<u>\$ (9,581)</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CABLE FRANCHISE MANAGEMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	\$ 16,000	\$ 17,006	\$ 1,006
Interest	--	163	163
Other	<u>3,600</u>	<u>3,922</u>	<u>322</u>
TOTAL REVENUES	<u>19,600</u>	<u>21,091</u>	<u>1,491</u>
EXPENDITURES			
Material and services	22,355	20,615	1,740
Contingency	<u>3,630</u>	<u>--</u>	<u>3,630</u>
TOTAL EXPENDITURES	<u>25,985</u>	<u>20,615</u>	<u>5,370</u>
Net change in fund balance	(6,385)	476	6,861
Fund balance at beginning of year	<u>6,385</u>	<u>5,213</u>	<u>(1,172)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 5,689</u>	<u>\$ 5,689</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CITY GAS TAX - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 120,000	\$ 131,304	\$ 11,304
Interest	<u>3,500</u>	<u>11,000</u>	<u>7,500</u>
TOTAL REVENUES	<u>123,500</u>	<u>142,304</u>	<u>18,804</u>
EXPENDITURES			
Material and services	7,000	--	7,000
Capital outlay	239,180	46,208	192,972
Contingency	<u>52,381</u>	<u>--</u>	<u>52,381</u>
TOTAL EXPENDITURES	<u>298,561</u>	<u>46,208</u>	<u>252,353</u>
Net change in fund balance	(175,061)	96,096	271,157
Fund balance at beginning of year	<u>175,061</u>	<u>181,856</u>	<u>6,795</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 277,952</u>	<u>\$ 277,952</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Permits and fees	\$ 151,500	\$ 293,854	\$ 142,354
Interest	11,250	16,292	5,042
Other	<u>5,400</u>	<u>4,692</u>	<u>(708)</u>
TOTAL REVENUES	<u>168,150</u>	<u>314,838</u>	<u>146,688</u>
EXPENDITURES			
Personal services	287,711	286,432	1,279
Material and services	43,730	22,891	20,839
Capital outlay	2,199	2,199	--
Contingency	<u>192,847</u>	<u>--</u>	<u>192,847</u>
TOTAL EXPENDITURES	<u>526,487</u>	<u>311,522</u>	<u>214,965</u>
Excess (deficiency) of revenues over expenditures	(358,337)	3,316	361,653
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(8,242)</u>	<u>(8,242)</u>	<u>--</u>
Net change in fund balance	(366,579)	(4,926)	361,653
Fund balance at beginning of year	<u>366,579</u>	<u>366,579</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 361,653</u>	<u>\$ 361,653</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY ENDOWMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 1,000	\$ 1,133	\$ 133
EXPENDITURES			
Contingency	<u>24,000</u>	<u>--</u>	<u>24,000</u>
Net change in fund balance	(23,000)	1,133	24,133
Fund balance at beginning of year	<u>23,000</u>	<u>23,029</u>	<u>29</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 24,162</u>	<u>\$ 24,162</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUSEUM ENDOWMENT - SPECIAL REVENUE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 500	\$ 488	\$ (12)
EXPENDITURES			
Material and services	<u>10,500</u>	<u>--</u>	<u>10,500</u>
Net change in fund balance	(10,000)	488	10,488
Fund balance at beginning of year	<u>10,000</u>	<u>9,921</u>	<u>(79)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 10,409</u>	<u>\$ 10,409</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BONDED DEBT - DEBT SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 651,000	\$ 647,883	\$ (3,117)
Interest	<u>1,000</u>	<u>16,783</u>	<u>15,783</u>
TOTAL REVENUES	<u>652,000</u>	<u>664,666</u>	<u>12,666</u>
EXPENDITURES			
Personal services	1,715	--	1,715
Debt service	670,000	669,859	141
Contingency	<u>83,077</u>	<u>--</u>	<u>83,077</u>
TOTAL EXPENDITURES	<u>754,792</u>	<u>669,859</u>	<u>84,933</u>
Net change in fund balance	(102,792)	(5,193)	97,599
Fund balance at beginning of year	<u>102,792</u>	<u>102,792</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 97,599</u>	<u>\$ 97,599</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BANCROFT BOND REDEMPTION - DEBT SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 300	\$ 330	\$ 30
EXPENDITURES			
Contingency	<u>6,000</u>	<u>--</u>	<u>6,000</u>
Net change in fund balance	(5,700)	330	6,030
Fund balance at beginning of year	<u>5,700</u>	<u>5,771</u>	<u>71</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 6,101</u>	<u>\$ 6,101</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL DEBT SERVICE - DEBT SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 444,000	\$ 458,648	\$ 14,648
Interest	<u>55,000</u>	<u>96,937</u>	<u>41,937</u>
TOTAL REVENUES	<u>499,000</u>	<u>555,585</u>	<u>56,585</u>
EXPENDITURES			
Debt service	1,823,500	267,732	1,555,768
Contingency	<u>636,500</u>	<u>--</u>	<u>636,500</u>
TOTAL EXPENDITURES	<u>2,460,000</u>	<u>267,732</u>	<u>2,192,268</u>
Net change in fund balance	(1,961,000)	287,853	2,248,853
Fund balance at beginning of year	<u>1,961,000</u>	<u>1,792,695</u>	<u>(168,305)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 2,080,548</u>	<u>\$ 2,080,548</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 5,000	\$ 20,431	\$ 15,431
Other	<u>66,000</u>	<u>135,254</u>	<u>69,254</u>
TOTAL REVENUES	<u>71,000</u>	<u>155,685</u>	<u>84,685</u>
EXPENDITURES			
Material and services	72,100	2,362	69,738
Capital outlay	407,385	185,331	222,054
Contingency	<u>220,068</u>	<u>--</u>	<u>220,068</u>
TOTAL EXPENDITURES	<u>699,553</u>	<u>187,693</u>	<u>511,860</u>
Excess (deficiency) of revenues over expenditures	(628,553)	(32,008)	596,545
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term obligations	<u>250,000</u>	<u>--</u>	<u>(250,000)</u>
Net change in fund balance	(378,553)	(32,008)	346,545
Fund balance at beginning of year	<u>378,553</u>	<u>378,553</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 346,545</u>	<u>\$ 346,545</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET/STORM CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	\$ 833,500	\$ 549,442	\$ (284,058)
Interest	15,000	48,137	33,137
Other	<u>1,165,000</u>	<u>40,000</u>	<u>(1,125,000)</u>
 TOTAL REVENUES	 <u>2,013,500</u>	 <u>637,579</u>	 <u>(1,375,921)</u>
 EXPENDITURES			
Material and services	453,100	310,197	142,903
Capital outlay	2,310,035	488,660	1,821,375
Contingency	<u>266,307</u>	<u>--</u>	<u>266,307</u>
 TOTAL EXPENDITURES	 <u>3,029,442</u>	 <u>798,857</u>	 <u>2,230,585</u>
 Excess (deficiency) of revenues over expenditures	 (1,015,942)	 (161,278)	 854,664
 OTHER FINANCING SOURCES (USES)			
Transfers in	<u>32,000</u>	<u>32,000</u>	<u>--</u>
 Net change in fund balance	 (983,942)	 (129,278)	 854,664
Fund balance at beginning of year	<u>983,942</u>	<u>983,942</u>	<u>--</u>
 Fund balance at end of year	 <u>\$ --</u>	 <u>\$ 854,664</u>	 <u>\$ 854,664</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 140,000	\$ 88,499	\$ (51,501)
Interest	<u>32,000</u>	<u>36,936</u>	<u>4,936</u>
TOTAL REVENUES	<u>172,000</u>	<u>125,435</u>	<u>(46,565)</u>
EXPENDITURES			
Materials and services	55,000	--	55,000
Capital outlay	40,000	--	40,000
Contingency	<u>756,690</u>	<u>--</u>	<u>756,690</u>
TOTAL EXPENDITURES	<u>851,690</u>	<u>--</u>	<u>851,690</u>
Excess (deficiency) of revenues over expenditures	(679,690)	125,435	805,125
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>--</u>
Net change in fund balance	(739,690)	65,435	805,125
Fund balance at beginning of year	<u>739,690</u>	<u>739,690</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 805,125</u>	<u>\$ 805,125</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STORM WATER SYSTEM DEVELOPMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 50,000	\$ 29,839	\$ (20,161)
Interest	<u>20,000</u>	<u>43,920</u>	<u>23,920</u>
TOTAL REVENUES	<u>70,000</u>	<u>73,759</u>	<u>3,759</u>
EXPENDITURES			
Material and services	81,000	5,931	75,069
Capital outlay	528,900	204,988	323,912
Contingency	<u>430,754</u>	<u>--</u>	<u>430,754</u>
TOTAL EXPENDITURES	<u>1,040,654</u>	<u>210,919</u>	<u>829,735</u>
Net change in fund balance	(970,654)	(137,160)	833,494
Fund balance at beginning of year	<u>970,654</u>	<u>970,449</u>	<u>(205)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 833,289</u>	<u>\$ 833,289</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY CONSTRUCTION - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 500	\$ 1,259	\$ 759
EXPENDITURES			
Capital outlay	23,389	3,582	19,807
Contingency	<u>5,000</u>	<u>--</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>28,389</u>	<u>3,582</u>	<u>24,807</u>
Net change in fund balance	(27,889)	(2,323)	25,566
Fund balance at beginning of year	<u>27,889</u>	<u>28,538</u>	<u>649</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 26,215</u>	<u>\$ 26,215</u>

CITY OF WOODBURN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ECONOMIC DEVELOPMENT REVOLVING LOAN - CAPITAL PROJECTS FUND Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 7,000	\$ 10,298	\$ 3,298
EXPENDITURES			
Material and services	20,000	--	20,000
Capital outlay	50,000	--	50,000
Debt service	34,082	34,082	--
Contingency	133,033	--	133,033
TOTAL EXPENDITURES	<u>237,115</u>	<u>34,082</u>	<u>203,033</u>
Net change in fund balance	(230,115)	(23,784)	206,331
Fund balance at beginning of year	<u>230,115</u>	<u>231,484</u>	<u>1,369</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 207,700</u>	<u>\$ 207,700</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND CAPITAL IMPROVEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ --	\$ 74,488	\$ 74,488
Interest	--	8,585	8,585
Other	<u>133,000</u>	<u>62,500</u>	<u>(70,500)</u>
TOTAL REVENUES	<u>133,000</u>	<u>145,573</u>	<u>12,573</u>
EXPENDITURES			
Capital outlay	561,822	170,316	391,506
Contingency	<u>25,852</u>	<u>--</u>	<u>25,852</u>
TOTAL EXPENDITURES	<u>587,674</u>	<u>170,316</u>	<u>417,358</u>
Excess (deficiency) of revenues over expenditures	(454,674)	(24,743)	429,931
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>426,216</u>	<u>426,216</u>	<u>--</u>
Net change in fund balance	(28,458)	401,473	429,931
Fund balance at beginning of year	<u>28,458</u>	<u>25,490</u>	<u>(2,968)</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 426,963</u>	<u>\$ 426,963</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 199,800	\$ 188,779	\$ (11,021)
Interest	<u>6,000</u>	<u>12,073</u>	<u>6,073</u>
TOTAL REVENUES	205,800	200,852	(4,948)
EXPENDITURES			
Capital outlay	<u>646,799</u>	<u>389,666</u>	<u>257,133</u>
Excess (deficiency) of revenues over expenditures	(440,999)	(188,814)	252,185
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>179,000</u>	<u>179,000</u>	<u>--</u>
Net change in fund balance	(261,999)	(9,814)	252,185
Fund balance at beginning of year	<u>261,999</u>	<u>261,999</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ 252,185</u>	<u>\$ 252,185</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CDBG - CAPITAL PROJECTS FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 6,570	\$ --	\$ (6,570)
EXPENDITURES			
Materials and services	<u>11,351</u>	<u>4,781</u>	<u>6,570</u>
Net change in fund balance	(4,781)	(4,781)	--
Fund balance at beginning of year	<u>4,781</u>	<u>4,781</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER - ENTERPRISE FUND (A MAJOR FUND)
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,658,000	\$ 1,687,978	\$ 29,978
Interest	25,000	34,215	9,215
Other	<u>47,200</u>	<u>66,589</u>	<u>19,389</u>
TOTAL REVENUES	<u>1,730,200</u>	<u>1,788,782</u>	<u>58,582</u>
EXPENDITURES			
Water supply	1,252,702	1,194,099	58,603
Meter reading	261,005	206,304	54,701
Water administration	66,560	56,419	10,141
Contingency	<u>477,036</u>	<u>--</u>	<u>477,036</u>
TOTAL EXPENDITURES	<u>2,057,303</u>	<u>1,456,822</u>	<u>600,481</u>
Excess (deficiency) of revenues over expenditures	<u>(327,103)</u>	<u>331,960</u>	<u>659,063</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	70,000	70,000	--
Transfers out	<u>(363,321)</u>	<u>(363,321)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(293,321)</u>	<u>(293,321)</u>	<u>--</u>
Net change in fund balance	(620,424)	38,639	659,063
Fund balance - beginning	<u>620,424</u>	<u>620,424</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>659,063</u>	<u>\$ 659,063</u>
Reconciliation to generally accepted accounting principles			
Inventories		104,853	
Capital assets, net		23,140,859	
Accrued interest payable		(370,167)	
Compensated absences payable		(39,251)	
Long-term obligations		<u>(15,211,754)</u>	
Net assets - ending		<u>\$ 8,283,603</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER WELL CONSTRUCTION - ENTERPRISE FUND (A MAJOR FUND)
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,496,479	\$ 1,630,722	\$ 134,243
Interest	80,000	161,272	81,272
Other	1,000	--	(1,000)
TOTAL REVENUES	<u>1,577,479</u>	<u>1,791,994</u>	<u>214,515</u>
EXPENDITURES			
Design engineering	44,300	23,595	20,705
Construction engineering	62,100	6,312	55,788
Right-of-way	2,500	--	2,500
Construction	812,550	105,778	706,772
Debt service	986,000	985,245	755
Contingency	2,726,697	--	2,726,697
TOTAL EXPENDITURES	<u>4,634,147</u>	<u>1,120,930</u>	<u>3,513,217</u>
Net change in fund balance	(3,056,668)	671,064	3,727,732
Fund balance - beginning	<u>3,056,668</u>	<u>3,056,668</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>3,727,732</u>	<u>\$ 3,727,732</u>
Reconciliation to generally accepted accounting principles			
Due from other funds		<u>232,000</u>	
Net assets - ending		<u>\$ 3,959,732</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER TREATMENT PLANT - ENTERPRISE FUND (A MAJOR FUND)
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 2,260,200	\$ 2,264,352	\$ 4,152
Interest	8,000	15,661	7,661
Other	<u>3,000</u>	<u>27,007</u>	<u>24,007</u>
TOTAL REVENUES	<u>2,271,200</u>	<u>2,307,020</u>	<u>35,820</u>
EXPENDITURES			
Wastewater treatment plant operations	898,566	821,494	77,072
Wastewater pre-treatment	73,470	73,232	238
Wastewater maintenance	277,381	276,031	1,350
Wastewater lab	80,392	39,202	41,190
Sewer line maintenance	275,918	235,943	39,975
Sewer administration	278,798	275,162	3,636
Contingency	<u>199,362</u>	<u>--</u>	<u>199,362</u>
TOTAL EXPENDITURES	<u>2,083,887</u>	<u>1,721,064</u>	<u>362,823</u>
Excess (deficiency) of revenues over expenditures	187,313	585,956	398,643
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(472,283)</u>	<u>(472,283)</u>	<u>--</u>
Net change in fund balance	(284,970)	113,673	398,643
Fund balance - beginning	<u>284,970</u>	<u>284,970</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	398,643	<u>\$ 398,643</u>
Reconciliation to generally accepted accounting principles			
Inventories		55,511	
Capital assets, net		39,102,407	
Accrued interest payable		(173,272)	
Compensated absences payable		(33,996)	
Long-term obligations		<u>(23,828,226)</u>	
Net assets - ending		<u>\$ 15,521,067</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER TREATMENT PLANT CONSTRUCTION
ENTERPRISE FUND (A MAJOR FUND)
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 1,495,962	\$ 1,521,891	\$ 25,929
Interest	30,000	36,508	6,508
Other	<u>1,115,000</u>	<u>--</u>	<u>(1,115,000)</u>
TOTAL REVENUES	<u>2,640,962</u>	<u>1,558,399</u>	<u>(1,082,563)</u>
EXPENDITURES			
Design engineering	943,000	86,892	856,108
Construction engineering	27,638	22,074	5,564
Construction	620,500	149,980	470,520
Sewer	8,780	(28,222)	37,002
Debt service	1,774,618	1,774,617	1
Contingency	<u>721,619</u>	<u>--</u>	<u>721,619</u>
TOTAL EXPENDITURES	<u>4,096,155</u>	<u>2,005,341</u>	<u>2,090,814</u>
Excess (deficiency) of revenues over expenditures	(1,455,193)	(446,942)	(1,008,251)
OTHER FINANCING SOURCES (USES)			
Proceeds from interfund loan	<u>232,000</u>	<u>232,000</u>	<u>--</u>
Net change in fund balance	(1,223,193)	(214,942)	1,008,251
Fund balance - beginning	<u>1,223,193</u>	<u>1,223,193</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>1,008,251</u>	<u>\$ 1,008,251</u>
Reconciliation to generally accepted accounting principles			
Due to other funds		<u>(232,000)</u>	
Net assets - ending		<u>\$ 776,251</u>	

CITY OF WOODBURN

**COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
June 30, 2007**

	Water System Development	Wastewater Capital Improvement	Wastewater System Development	Totals
<u>ASSETS</u>				
Current assets				
Cash and investments	\$ 1,090,391	\$ 73,192	\$ 773,803	\$ 1,937,386
Receivables	1,759	119	1,258	3,136
TOTAL ASSETS	<u>\$ 1,092,150</u>	<u>\$ 73,311</u>	<u>\$ 775,061</u>	<u>\$ 1,940,522</u>
<u>NET ASSETS</u>				
Restricted for capital projects	1,092,150	--	775,061	1,867,211
Unrestricted	--	73,311	--	73,311
TOTAL NET ASSETS	<u>\$ 1,092,150</u>	<u>\$ 73,311</u>	<u>\$ 775,061</u>	<u>\$ 1,940,522</u>

CITY OF WOODBURN

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
OTHER ENTERPRISE FUNDS
Year Ended June 30, 2007**

	Water System Development	Wastewater Capital Improvement	Wastewater System Development	Totals
NONOPERATING REVENUES (EXPENSES)				
Interest	\$ 54,242	\$ 3,914	\$ 41,737	\$ 99,893
Interest	<u>(228,585)</u>	<u>--</u>	<u>(591,540)</u>	<u>(820,125)</u>
Total nonoperating revenues (expenses)	<u>(174,343)</u>	<u>3,914</u>	<u>(549,803)</u>	<u>(720,232)</u>
TRANSFERS AND CONTRIBUTIONS				
Capital contributions	160,723	--	254,353	415,076
Transfers out	<u>(173,916)</u>	<u>(29,102)</u>	<u>--</u>	<u>(203,018)</u>
Total transfers and contributions	<u>(13,193)</u>	<u>(29,102)</u>	<u>254,353</u>	<u>212,058</u>
Change in net assets	(187,536)	(25,188)	(295,450)	(508,174)
Net assets - beginning of year	<u>1,279,686</u>	<u>98,499</u>	<u>1,070,511</u>	<u>2,448,696</u>
Net assets - end of year	<u>\$ 1,092,150</u>	<u>\$ 73,311</u>	<u>\$ 775,061</u>	<u>\$ 1,940,522</u>

CITY OF WOODBURN
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
Year Ended June 30, 2007

	Water System Development	Wastewater Capital Improvement	Wastewater System Development	Totals
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	\$ 158,964	\$ 14,635	\$ 253,095	\$ 426,694
Acquisition of capital assets	-	-	-	-
Principal paid on long-term obligations	(173,916)	(29,102)	-	(203,018)
Interest paid on long-term obligations	(228,585)	-	(591,540)	(820,125)
Net cash (used in) capital and related financing activities	(243,537)	(14,467)	(338,445)	(596,449)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	54,242	3,914	41,737	99,893
Net (decrease) in cash and cash equivalents	(189,295)	(10,553)	(296,708)	(496,556)
Cash and cash equivalents - beginning of year	1,279,686	83,745	1,070,511	2,433,942
Cash and cash equivalents - end of year	<u>\$ 1,090,391</u>	<u>\$ 73,192</u>	<u>\$ 773,803</u>	<u>\$ 1,937,386</u>

CITY OF WOODBURN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL WATER SYSTEM DEVELOPMENT - ENTERPRISE FUND Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System development charges	\$ 300,000	\$ 160,723	\$ (139,277)
Interest	<u>20,000</u>	<u>54,242</u>	<u>34,242</u>
TOTAL REVENUES	<u>320,000</u>	<u>214,965</u>	<u>(105,035)</u>
EXPENDITURES			
Materials and services	41,400	--	41,400
Capital outlay	211,250	--	211,250
Debt service	406,000	402,501	3,499
Contingency	<u>941,036</u>	<u>--</u>	<u>941,036</u>
TOTAL EXPENDITURES	<u>1,599,686</u>	<u>402,501</u>	<u>1,197,185</u>
Net change in fund balance	(1,279,686)	(187,536)	1,092,150
Fund balance - beginning	<u>1,279,686</u>	<u>1,279,686</u>	<u>--</u>
Fund balance - beginning	<u>\$ --</u>	<u>\$ 1,092,150</u>	<u>\$ 1,092,150</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 1,092,150</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER CAPITAL IMPROVEMENT - ENTERPRISE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 2,500	\$ 3,914	\$ 1,414
Other	<u>14,754</u>	<u>--</u>	<u>(14,754)</u>
TOTAL REVENUES	<u>17,254</u>	<u>3,914</u>	<u>(13,340)</u>
EXPENDITURES			
Debt service	29,102	29,102	--
Contingency	<u>86,651</u>	<u>--</u>	<u>86,651</u>
TOTAL EXPENDITURES	<u>115,753</u>	<u>29,102</u>	<u>86,651</u>
Net change in fund balance	(98,499)	(25,188)	73,311
Fund balance - beginning	<u>98,499</u>	<u>98,499</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ 73,311</u>	<u>\$ 73,311</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 73,311</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WASTEWATER SYSTEM DEVELOPMENT - ENTERPRISE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
System Development Charges	\$ 400,000	\$ 254,353	\$ (145,647)
Interest	<u>25,000</u>	<u>41,737</u>	<u>16,737</u>
TOTAL REVENUES	<u>425,000</u>	<u>296,090</u>	<u>(128,910)</u>
EXPENDITURES			
Materials and services	10,000	--	10,000
Capital outlay	75,000	--	75,000
Debt service	591,540	591,540	--
Contingency	<u>818,971</u>	<u>--</u>	<u>818,971</u>
TOTAL EXPENDITURES	<u>1,495,511</u>	<u>591,540</u>	<u>903,971</u>
Net change in fund balance	(1,070,511)	(295,450)	775,061
Fund balance - beginning	<u>1,070,511</u>	<u>1,070,511</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ 775,061</u>	<u>\$ 775,061</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 775,061</u>
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CITY OF WOODBURN

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS June 30, 2007

	Information Services	Central Store Working Capital	Self- Insurance	Technical and Environmental Services	Building Maintenance	Totals
<u>ASSETS</u>						
Current assets						
Cash and investments	\$ 64,470	\$ (2,628)	\$ 216,591	\$ 413,029	\$ 79,306	\$ 770,768
Receivables	133	(4)	352	1,653	170	2,304
Inventories	--	11,065	--	--	--	11,065
Total current assets	64,603	8,433	216,943	414,682	79,476	784,137
Capital assets, net of depreciation	64,570	--	--	342,647	2,488	409,705
TOTAL ASSETS	129,173	8,433	216,943	757,329	81,964	1,193,842
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and accrued items	2,186	(1,576)	--	1,144	20,662	22,416
Customer deposits	--	--	--	2,000	--	2,000
Compensated absences payable	12,067	--	--	71,568	24,940	108,575
TOTAL LIABILITIES	14,253	(1,576)	--	74,712	45,602	132,991
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt	64,570	--	--	342,647	2,488	409,705
Unrestricted	50,350	10,009	216,943	339,970	33,874	651,146
TOTAL NET ASSETS	\$ 114,920	\$ 10,009	\$ 216,943	\$ 682,617	\$ 36,362	\$ 1,060,851

CITY OF WOODBURN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS Year Ended June 30, 2007

	Information Services	Central Store Working Capital	Self- Insurance	Technical and Environmental Services	Building Maintenance	Totals
OPERATING REVENUES						
Charges for services	\$ --	\$ --	\$ --	\$ 59,327	\$ --	\$ 59,327
Rents	--	--	--	--	614,689	614,689
Total operating revenues	--	--	--	59,327	614,689	674,016
OPERATING EXPENSES						
Personal services	215,057	--	14,732	818,854	262,082	1,310,725
Material and services	112,705	15,293	342,931	182,632	358,971	1,012,532
Depreciation	31,554	--	--	19,400	6,412	57,366
Total operating expenses	359,316	15,293	357,663	1,020,886	627,465	2,380,623
Operating (loss)	(359,316)	(15,293)	(357,663)	(961,559)	(12,776)	(1,706,607)
NONOPERATING REVENUES (EXPENSES)						
Interest	1,633	(332)	2,779	22,700	4,902	31,682
Other	36,700	22,074	357,233	146,351	--	562,358
Total nonoperating revenues (expenses)	38,333	21,742	360,012	169,051	4,902	594,040
Income (loss) before operating transfers	(320,983)	6,449	2,349	(792,508)	(7,874)	(1,112,567)
OPERATING TRANSFERS						
Transfers in	357,302	--	--	839,000	25,000	1,221,302
Transfers out	--	--	--	(32,710)	(2,320)	(35,030)
Total operating transfers	357,302	--	--	806,290	22,680	1,186,272
Change in net assets	36,319	6,449	2,349	13,782	14,806	73,705
Net assets - beginning of year	78,601	3,560	214,594	668,835	21,556	987,146
Net assets - end of year	\$ 114,920	\$ 10,009	\$ 216,943	\$ 682,617	\$ 36,362	\$ 1,060,851

CITY OF WOODBURN

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2007**

	Information Services	Central Store Working Capital	Self- Insurance	Technical and Environmental Services	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 60,658	\$ 614,519	\$ 675,177
Payments to suppliers	(115,899)	(19,389)	(362,414)	(195,783)	(354,718)	(1,048,203)
Payments to employees	(215,600)	-	(14,732)	(808,674)	(270,635)	(1,309,641)
Other	36,567	22,078	356,881	146,351	-	561,877
Net cash provided by (used in) operating activities	(294,932)	2,689	(20,265)	(797,448)	(10,834)	(1,120,790)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in	357,302	-	-	839,000	25,000	1,221,302
Transfers out	-	-	-	(30,812)	(2,320)	(33,132)
Net cash provided by non-capital financing activities	357,302	-	-	808,188	22,680	1,188,170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(92,533)	-	-	(7,395)	(5,694)	(105,622)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	1,633	(332)	2,779	22,700	4,902	31,682
Net increase (decrease) in cash and cash equivalents	(28,530)	2,357	(17,486)	26,045	11,054	(6,560)
Cash and cash equivalents - beginning of year	93,000	(4,985)	234,077	386,984	68,252	777,328
Cash and cash equivalents - end of year	\$ 64,470	\$ (2,628)	\$ 216,591	\$ 413,029	\$ 79,306	\$ 770,768
Reconciliation of operating (loss) to net cash provided by (used in) operating activities						
Operating (loss)	\$ (359,316)	\$ (15,293)	\$ (357,663)	\$ (961,559)	\$ (12,776)	\$ (1,706,607)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities						
Depreciation	31,554	-	-	19,400	6,412	57,366
Other	36,700	22,074	357,233	146,351	-	562,358
(Increase) decrease in assets						
Receivables	(133)	4	(352)	1,331	(170)	680
Inventories	-	(2,235)	-	-	-	(2,235)
Increase (decrease) in liabilities						
Accounts payable and accrued items	(3,194)	(1,861)	(19,483)	(13,151)	4,253	(33,436)
Compensated absences payable	(543)	-	-	10,180	(8,553)	1,084
Net cash provided by (used in) operating activities	\$ (294,932)	\$ 2,689	\$ (20,265)	\$ (797,448)	\$ (10,834)	\$ (1,120,790)

CITY OF WOODBURN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL INFORMATION SERVICES - INTERNAL SERVICE FUND Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 3,000	\$ 1,633	\$ (1,367)
Other	<u>19,850</u>	<u>36,700</u>	<u>16,850</u>
TOTAL REVENUES	<u>22,850</u>	<u>38,333</u>	<u>15,483</u>
EXPENDITURES			
Personal services	229,809	215,600	14,209
Material and services	145,179	140,950	4,229
Capital outlay	64,007	64,288	(281)
Contingency	<u>28,777</u>	<u>--</u>	<u>28,777</u>
TOTAL EXPENDITURES	<u>467,772</u>	<u>420,838</u>	<u>46,934</u>
Excess (deficiency) of revenues over expenditures	(444,922)	(382,505)	62,417
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>357,302</u>	<u>357,302</u>	<u>--</u>
Net change in fund balance	(87,620)	(25,203)	62,417
Fund balance at beginning of year	<u>87,620</u>	<u>87,620</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	62,417	<u>\$ 62,417</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net of depreciation		64,570	
Compensated absences payable		<u>(12,067)</u>	
Net assets - ending		<u>\$ 114,920</u>	

CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CENTRAL STORE WORKING CAPITAL - INTERNAL SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ --	\$ (332)	\$ (332)
Other	<u>16,900</u>	<u>22,074</u>	<u>5,174</u>
TOTAL REVENUES	<u>16,900</u>	<u>21,742</u>	<u>4,842</u>
EXPENDITURES			
Materials and services	21,000	15,293	5,707
Contingencies	<u>3,195</u>	<u>--</u>	<u>3,195</u>
TOTAL EXPENDITURES	<u>24,195</u>	<u>15,293</u>	<u>8,902</u>
Net change in fund balance	(7,295)	6,449	13,744
Fund balance - beginning	<u>7,295</u>	<u>3,560</u>	<u>(3,735)</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ 10,009</u>	<u>\$ 10,009</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 10,009</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SELF-INSURANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 500	\$ 2,779	\$ 2,279
Other	<u>518,825</u>	<u>357,233</u>	<u>(161,592)</u>
TOTAL REVENUES	<u>519,325</u>	<u>360,012</u>	<u>(159,313)</u>
EXPENDITURES			
Personal services	14,775	14,732	43
Materials and services	580,725	342,931	237,794
Contingency	<u>79,734</u>	<u>--</u>	<u>79,734</u>
TOTAL EXPENDITURES	<u>675,234</u>	<u>357,663</u>	<u>317,571</u>
Net change in fund balance	(155,909)	2,349	158,258
Fund balance - beginning	<u>155,909</u>	<u>214,594</u>	<u>58,685</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ 216,943</u>	<u>\$ 216,943</u>

Reconciliation to generally accepted accounting principles

Net assets - ending	<u>\$ 216,943</u>
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CITY OF WOODBURN

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TECHNICAL AND ENVIRONMENTAL SERVICES - INTERNAL SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 59,500	\$ 59,327	\$ (173)
Interest	6,000	22,700	16,700
Other	<u>145,007</u>	<u>146,351</u>	<u>1,344</u>
TOTAL REVENUES	<u>210,507</u>	<u>228,378</u>	<u>17,871</u>
EXPENDITURES			
Public works administration	184,445	175,811	8,634
Engineering	895,767	738,531	157,236
Central garage	97,657	84,359	13,298
Contingency	<u>273,184</u>	<u>--</u>	<u>273,184</u>
TOTAL EXPENDITURES	<u>1,451,053</u>	<u>998,701</u>	<u>452,352</u>
Excess (deficiency) of revenues over expenditures	<u>(1,240,546)</u>	<u>(770,323)</u>	<u>470,223</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	839,000	839,000	--
Transfers out	<u>(30,812)</u>	<u>(30,812)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>808,188</u>	<u>808,188</u>	<u>--</u>
Net change in fund balance	(432,358)	37,865	470,223
Fund balance at beginning of year	<u>432,358</u>	<u>373,673</u>	<u>(58,685)</u>
Fund balance at end of year	<u>\$ --</u>	<u>411,538</u>	<u>\$ 411,538</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net of depreciation		342,647	
Compensated absences payable		<u>(71,568)</u>	
Net assets - ending		<u>\$ 682,617</u>	

CITY OF WOODBURN

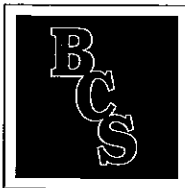
**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUILDING MAINTENANCE - INTERNAL SERVICE FUND
Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 614,688	\$ 614,689	\$ 1
Interest	<u>2,000</u>	<u>4,902</u>	<u>2,902</u>
TOTAL REVENUES	<u>616,688</u>	<u>619,591</u>	<u>2,903</u>
EXPENDITURES			
Personal services	285,382	270,635	14,747
Materials and services	365,816	364,665	1,151
Contingency	<u>40,013</u>	<u>--</u>	<u>40,013</u>
TOTAL EXPENDITURES	<u>691,211</u>	<u>635,300</u>	<u>55,911</u>
Excess (deficiency) of revenues over expenditures	<u>(74,523)</u>	<u>(15,709)</u>	<u>58,814</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	25,000	--
Transfers out	<u>(2,320)</u>	<u>(2,320)</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,680</u>	<u>22,680</u>	<u>--</u>
Net change in fund balance	(51,843)	6,971	58,814
Fund balance at beginning of year	<u>51,843</u>	<u>51,843</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>58,814</u>	<u>\$ 58,814</u>
Reconciliation to generally accepted accounting principles			
Capital asset, net of depreciation		2,488	
Compensated absences payable		<u>(24,940)</u>	
Net assets - ending		<u>\$ 36,362</u>	

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Source*
- *Highway Funds*
- *Investments*
- *Public Contracts and Purchasing*



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

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CITY OF WOODBURN

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS Year Ended June 30, 2007

Accounting and Internal Controls

The broad objectives of internal accounting control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that financial records are reliable to permit the preparation of financial statements. The following operative objectives are necessary to achieve the broad objectives:

- a. Transactions are executed in accordance with management's general or specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorization.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. Any projection of a current evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with prescribed procedures may deteriorate.

The accounting records and internal controls are adequate considering the size and complexity of the municipal corporation's financial activities. However, we have issued a separate letter to management regarding internal controls.

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Collateral

ORS 295.015 requires collateral pool certificates of participation to be obtained from the pool manager of the depository in an amount equal to the funds on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Collateral pool certificates warrant that the pool manager holds custodian's receipts for eligible securities pledged by the depository bank to secure deposits of public funds of a value as of the last valuation date of not less than 25 percent of the aggregate amount of certificates outstanding. At June 30, 2007, the deposits of the City were covered by the following collateral pool certificates:

<u>Depository Bank</u>	<u>Pool Manager</u>	<u>Amount</u>
U S Bank	Oregon State Treasury	\$ 4,000,000

During the year deposits were secured in accordance with ORS 295.015.

Indebtedness

The legal debt limitation has not been exceeded.

Budget

1. Preparation and adoption

The budgets for the years ended June 30, 2008 and 2007 were prepared and adopted in compliance with legal requirements.

DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)

Budget (continued)

2. Execution

The budget for the year ended June 30, 2007, was executed in compliance with legal requirements, except that expenditures in excess of appropriations (which is prohibited by ORS 294.435) were made in the following category:

<u>Fund/Appropriations Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Information Services			
Capital Outlay	\$ 64,007	\$ 64,288	\$ (281)

Prior to overexpending an appropriation category, the City Council may, by resolution (ORS 294.450), transfer amounts between appropriation categories.

Insurance and Fidelity Bonds

The City's insurance agent confirmed that the following policies were in force at June 30, 2007:

Company	Policy Number	Coverage	Limit	Term
City County Insurance	06LWDB	General and Auto Liability	\$5,000,000 CSL	07-01-06/07
	06APDWBD	Auto Physical Damage	Per Agreement	07-01-06/07
	06PWBD	Property/Mobile Equipment	\$52,255,226	07-01-06/07
	06BWBD	Boiler and Machinery	Per Property Schedule	07-01-06/07
NLC Mutual	06E	Excess Earthquake	N/A	07-01-06/07
Fidelity and Deposit	06C	Excess Crime	N/A	07-01-06/07

Our audit did not include a determination of adequacy of coverage since we are not trained to make such a determination. However, insurance coverage appears to comply with legal requirements.

The City has obtained fidelity bond coverage for the following personnel:

Finance officer	\$ 100,000
Public employees blanket bond	50,000

**DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS REQUIRED BY THE MINIMUM
STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (Continued)**

Programs Funded From Outside Sources

The City operated various programs funded wholly or partially by governmental agencies. Our reports on compliance with laws and regulations and on internal controls used in administering federal financial assistance programs appear on pages 95 through 98 of this report. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

Highway Funds

The City used revenue from taxes on motor vehicle fuel use in compliance with ORS 373.240 to 373.250.

Investments

Funds of the City were invested in compliance with ORS 294.035.

Public Contracts and Purchasing

1. Awarding of public contracts

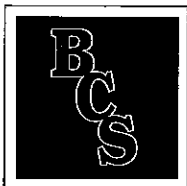
The City awarded public contracts in accordance with ORS 279.

2. Construction of public improvements

The City constructed public improvements in accordance with ORS 279.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
December 26, 2007

GRANT COMPLIANCE – SINGLE AUDIT



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Honorable Mayor and Members of the City Council
CITY OF WOODBURN
Woodburn, Oregon**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF WOODBURN**, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as items 2007-1 and 2007-2, in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

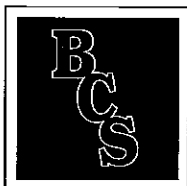
This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 26, 2007



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**Honorable Mayor and Members of the City Council
CITY OF WOODBURN
Woodburn, Oregon**

Compliance

We have audited the compliance of **CITY OF WOODBURN**, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)

Internal Control Over Compliance

The management of the City of Woodburn is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boldt, Carlisle & Smith, LLC

Certified Public Accountants

Salem, Oregon

December 26, 2007

CITY OF WOODBURN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

Section I - Summary of Auditor's Results

Financial statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal controls over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.710	Public Safety Partnership and Community Policing Grants
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities

Dollar threshold used to distinguish between type A and type B programs:	\$	300,000
Auditee qualifies as low-risk auditee?	No	

Section II - Financial Statement Findings

2007-1

<i>Criteria:</i>	Financial reporting in accordance with generally accepted accounting principles, including appropriate disclosures, is the responsibility of management and internal controls should include policies and procedures over financial reporting.
<i>Condition:</i>	Management has established internal control over financial reporting sufficient for its governance purposes. However, these internal controls have not addressed the preparation of financial statements in accordance with generally accepted accounting principles, including appropriate disclosures.
<i>Effect:</i>	The auditor has drafted the financial statements. The draft financial statements were submitted to management for review and approval. Management has reviewed the draft financial statements and disclosures and has represented that they have taken responsibility for the financial statements including disclosures.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II - Financial Statement Findings (continued)

2007-2

<i>Criteria:</i>	All bank accounts should be reconciled to the general ledger monthly to ensure that all transactions are properly recorded.
<i>Condition:</i>	Total cash and investments was not reconciled to the general ledger on a monthly basis.
<i>Cause:</i>	Inadequate procedures are in place to perform timely reconciliations.
<i>Effect:</i>	Year-end journal entries were required to keep the financial statements from being materially misstated.
<i>Recommendation:</i>	Monthly procedures need to include processes to perform these reconciliations.

Section III - Federal Award Findings and Questioned Costs

No matters were reported

CITY OF WOODBURN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Department of Housing and Urban Development</i>			
Passed through Oregon Economic and Community Development Department Community Development Block Grant	14.228	45267	<u>\$ 6,570</u>
<i>Department of Justice</i>			
Public Safety Partnership and Community Policing Grants	16.710		<u>181,809</u>
<i>Department of Transportation</i>			
Passed through Oregon Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509	OR184021	141,609
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	OR160029	152,946
Passed through Oregon Association of Chiefs of Police Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		2,920
Safety Belt Performance Grants	20.609		<u>8,480</u>
Total Department of Transportation			<u>305,955</u>
<i>Committee on National Community Services</i>			
Retired and Senior Volunteer Program	94.002		<u>50,503</u>
<i>Department of Health and Human Services</i>			
Passed through Oregon Department of Human Services State Homeland Security Program	97.073	05-293	19,933
Law Enforcement Terrorism Prevention Program	97.074	05-188	<u>68,123</u>
Total Department of Health and Human Services			<u>88,056</u>
Total Expenditures of Federal Awards			<u><u>\$ 632,893</u></u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2007

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the City's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

